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San Luis Coastal Unified School District  
Educational Facilities Corporation  
Bonds, Series of 1978

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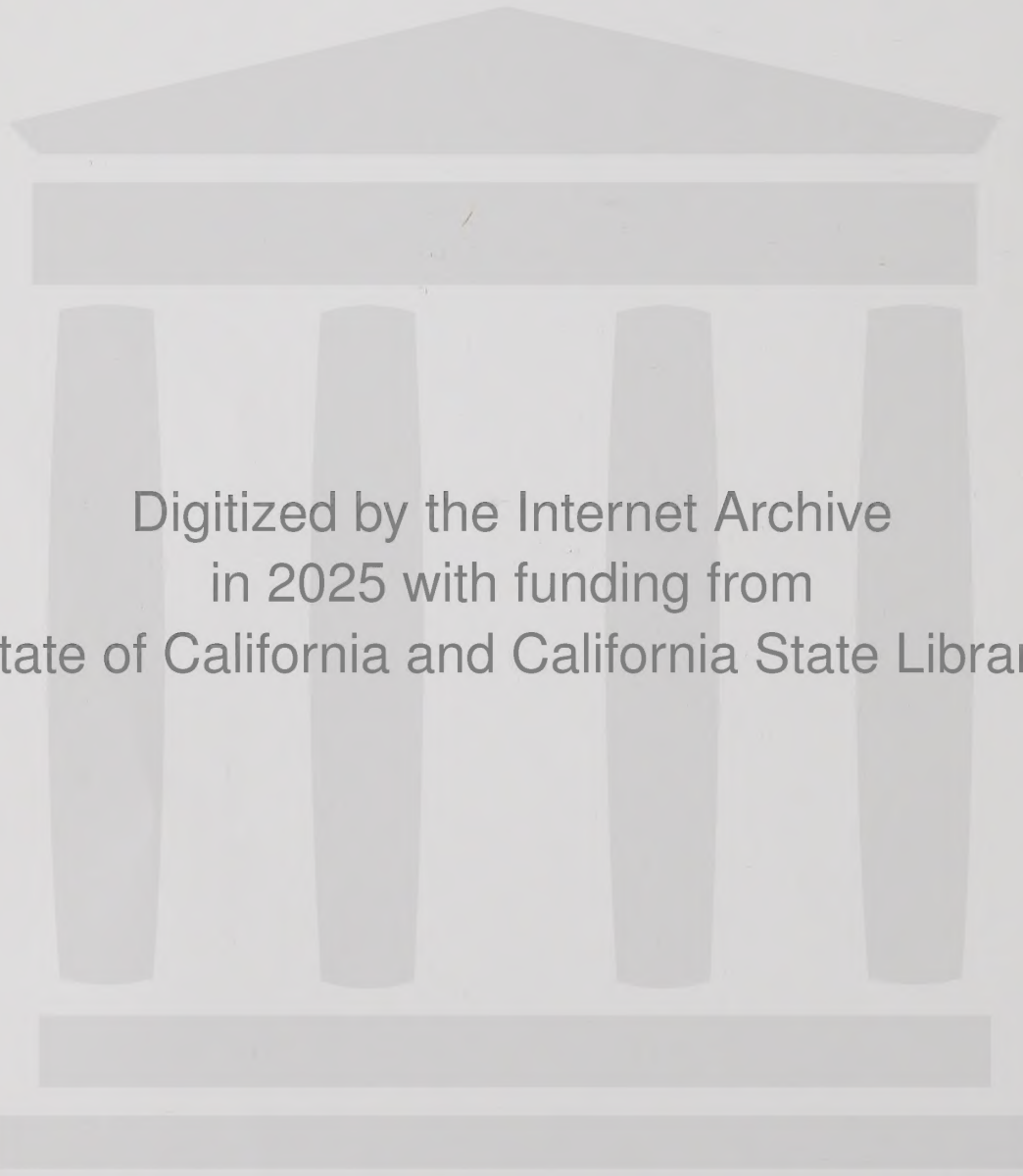
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SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION

and

BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION,

*Trustee*

---

**Indenture**

*Dated as of May 1, 1978*

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SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION BONDS

and

**\$14,800,000 SERIES OF 1978 BONDS**

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**THIS INDENTURE**, made and entered into as of the first day of May, 1978, by and between San Luis Coastal Unified School District Educational Facilities Corporation, a nonprofit corporation organized and existing under and by virtue of the laws of the State of California, and having its principal place of business in the County of San Luis Obispo in said State (herein called the "Corporation"), party of the first part, and Bank of America National Trust and Savings Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, having a principal office in the City of Los Angeles, County of Los Angeles, State of California, and being qualified to accept and administer the trusts hereby created (herein called the "Trustee"), party of the second part,

WITNESSETH:

WHEREAS, the San Luis Coastal Unified School District (herein called the "District") is the owner of certain real property more particularly described in Exhibit A attached hereto and made a part hereof;

WHEREAS, at an election held in the District on March 8, 1977, the electors of the District approved by a majority vote the following ballot proposition:

Shall the Governing Board of the San Luis Coastal Unified School District prepare plans and specifications and lease buildings and facilities to be constructed for use by the District consisting of the hereinafter specified fully furnished, equipped and landscaped new school facilities to be located on the hereinafter specified sites: (1) Classroom addition to Baywood Elementary School, 1330 Ninth Street, Los Osos; (2) classroom, library, shop, multipurpose gymnasium, and physical education additions to San Luis Obispo High School, 1350 California Boulevard, San Luis Obispo; and (3) classroom, shop, library, gymnasium and physical education additions to Morro Bay High School, 235 Atascadero Road, Morro Bay; and, for such purposes, shall the maximum tax rate of the District be increased by not to exceed forty-three cents (43¢) for each \$100 of assessed valuation, such

increase to be in effect in the San Luis Coastal Unified School District for the years 1977-78 to 2001-2002, and the amount of such increase to be used solely and exclusively for such purposes, the District reserving the right to lease less than all of the proposed buildings and facilities if circumstances so require?

WHEREAS, pursuant to and in accordance with Sections 39300 et seq. of the Education Code of the State of California, and other applicable laws of the State of California, the governing board of the District heretofore determined to lease said real property to the Corporation upon the condition that the Corporation construct thereon for sublease back to the District for the use of the District during the term thereof the hereinafter listed public school facilities in the County of San Luis Obispo, together with parking, site development, landscaping, utilities, equipment and appurtenant and related facilities (herein called "Project Phase I") :

<u>Public School Facility</u>	<u>Location</u>
Classroom, library, shop, multipurpose gymnasium, and physical education additions to San Luis Obispo High School	1350 California Boulevard, San Luis Obispo, California
Classroom, shop, library, gymnasium and physical education additions to Morro Bay High School	235 Atascadero Road, Morro Bay, California

WHEREAS, the Corporation has been formed for the purpose of rendering financial assistance to the District by financing and constructing public school buildings and facilities for the District; the District has leased said real property to the Corporation by a lease, dated as of May 1, 1978 (herein called the "Site Lease (Project Phase I)"), and the Corporation has agreed to construct and complete Project Phase I thereon and has leased said real property and Project Phase I to be constructed thereon to the District by a lease, dated as of May 1, 1978 (herein called the "Facility Lease (Project Phase I)");

WHEREAS, the Corporation has not made, and does not intend to make, any profit by reason of any business or venture in which it may engage or by reason of the construction of the Project, and no part of the Corporation's net earnings, if any, will ever inure to the benefit of any person except the District;



WHEREAS, all of the issued and outstanding membership certificates of the Corporation are beneficially owned by the District pursuant to a declaration of trust, dated as of May 1, 1978, executed by Bank of America National Trust and Savings Association, as trustee thereunder, by the terms of which said trustee has declared and acknowledged that it holds the title to all of the issued and outstanding membership certificates of the Corporation in trust for the District;

WHEREAS, the Corporation has determined to borrow money for its corporate purposes and to that end has duly authorized the issuance of its bonds hereunder, and to secure the payment of the principal thereof and of the interest and premium (if any) thereon, and the observance of the covenants and conditions herein contained, has authorized the execution and delivery of this Indenture;

WHEREAS, said bonds are to be issued hereunder, designated the "San Luis Coastal Unified School District Educational Facilities Corporation Bonds" (herein called the "Bonds"), from time to time, in an aggregate principal amount not limited except as hereinafter provided, and the Corporation has further determined to issue a first series thereof, designated "Series of 1978," in an aggregate principal amount of not exceeding fourteen million eight hundred thousand dollars (\$14,800,000);

WHEREAS, the coupon Series of 1978 Bonds, the interest coupons to be attached thereto, the form of Trustee's certificate of authentication to appear thereon, the fully registered Series of 1978 Bonds, and the forms of Trustee's certificate of authentication and registration, corresponding coupon bond endorsement and assignment to appear thereon, are to be in substantially the following forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture:

[FORM OF COUPON SERIES OF 1978 BOND]

\$5,000

No. ....

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION BOND  
SERIES OF 1978

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION, a nonprofit corporation organized and existing

under and by virtue of the laws of the State of California (herein called the "Corporation"), for value received, hereby promises to pay to the bearer hereof, on May 1, ....., the principal sum of Five Thousand Dollars (\$5,000) in lawful money of the United States of America; and to pay interest thereon in like money from the date hereof until payment of such principal sum, at the rate of ..... per cent (....%) per annum, payable semiannually on May 1 and November 1 in each year, but only, in the case of interest due on or before maturity, upon presentation and surrender, and according to the tenor, of the respective interest coupons hereto annexed as they severally mature. Both the principal hereof and interest hereon are payable at the office of the Corporate Agency Division of Bank of America National Trust and Savings Association (herein called the "Trustee"), in Los Angeles, California, or, at the option of the holder, at the principal offices of the Paying Agents of the Corporation in New York, New York, or in Chicago, Illinois.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as the "San Luis Coastal Unified School District Educational Facilities Corporation Bonds" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, of the series and designation indicated on the face hereof, which issue of Bonds consists or may consist of one or more series, of varying dates, numbers, interest rates and other provisions, all issued under and equally secured by an indenture (herein called the "Indenture"), dated as of May 1, 1978, between the Corporation and the Trustee. The Bonds are obligations of the Corporation secured by a lien on the leasehold interest of the Corporation in certain real property, as set forth in the Indenture, and on the Revenues, as defined in the Indenture. Additional bonds may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the bearers and registered owners of the Bonds and the bearers of the appurtenant coupons, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Corporation thereunder, to all of the provisions of which Indenture the bearer of this Bond, by acceptance hereof, assents and agrees.



The Indenture contains provisions permitting the Corporation and the Trustee, with the consent of the holders of not less than sixty per cent (60%) in aggregate principal amount of the Bonds at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of this Bond or reduce the rate of interest hereon or extend the time of payment of interest, or reduce the amount of the principal hereof, or reduce any premium payable on the redemption hereof, without the consent of the holder hereof, or (2) reduce the aforesaid percentage of holders of Bonds whose consent is required for the execution of such supplemental indentures, or permit the creation of any lien on the trust estate prior to or on a parity with the lien of the Indenture (except as expressly permitted therein) or deprive the holders of the Bonds of the lien created by the Indenture upon the trust estate (except as expressly permitted by the Indenture), without the consent of the holders of all Bonds then outstanding.

The Corporation shall have the right, under the circumstances prescribed in the Indenture, to redeem Series of 1978 Bonds at the principal amount thereof plus accrued interest to the date of redemption through the application of proceeds of insurance and eminent domain proceedings. Series of 1978 Bonds due on or before May 1, 1995 are not otherwise subject to redemption before their respective stated maturities. Series of 1978 Bonds due on or after May 1, 1996 are also subject to redemption prior to their respective stated maturities, at the option of the Corporation, as a whole, or in part in inverse order of maturities and by lot within any such maturity if less than all of the Series of 1978 Bonds of such maturity be redeemed, from any source of available funds, on any interest payment date on or after May 1, 1988, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-fourth of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount plus one-fourth of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount for each whole year or fraction thereof

remaining between the date fixed for redemption and their respective stated maturities.

As provided in the Indenture, notice of redemption shall be given by publication at least once in a financial newspaper or journal, printed in the English language, customarily published on each business day and circulated in Los Angeles, California, such publication to be not less than thirty nor more than sixty days before the redemption date.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption, and coupons for such interest subsequently maturing shall be void.

If an event of default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable as coupon Bonds in the denomination of \$5,000 and as fully registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, fully registered Bonds may be exchanged for a like aggregate principal amount of coupon Bonds of the same series and maturity or for a like aggregate principal amount of fully registered Bonds of the same series and maturity of other authorized denominations, and coupon Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of the same series and maturity of authorized denominations.

This Bond and the coupons appertaining hereto are negotiable and transferable by delivery, and the Corporation and the Trustee and any Paying Agent may treat the bearer hereof, or the bearer of any coupon appertaining hereto, as the absolute owner hereof or of such coupon, as the case may be, for all purposes, whether or not this

Bond or such coupon shall be overdue, and the Corporation and the Trustee and any Paying Agent shall not be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Bond or for any claim based hereon or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, member, director, or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance hereof and as part of the consideration for the issue hereof expressly waived and released, as provided in the Indenture.

Neither this Bond nor any coupons appertaining hereto shall be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, San Luis Coastal Unified School District Educational Facilities Corporation has caused this Bond to be executed on its behalf by its President, and its corporate seal to be reproduced hereon and attested by its Secretary, and has caused coupons for interest bearing the signature of its Treasurer to be attached hereto, all as of May 1, 1978.

SAN LUIS COASTAL UNIFIED SCHOOL  
DISTRICT EDUCATIONAL FACILITIES  
CORPORATION

By

\_\_\_\_\_  
*President*

(Seal)

Attest:

\_\_\_\_\_  
*Secretary*

## [FORM OF INTEREST COUPON]

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION, on ..... 1, ....., unless the Bond herein mentioned shall have been called for previous redemption and payment thereof made or duly provided for, will pay to bearer at the office of the Corporate Agency Division of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, in Los Angeles, California, or, at the option of the holder, at the principal offices of the paying agents in New York, New York, or in Chicago, Illinois, upon surrender hereof, the sum set forth herein in lawful money of the United States of America, being interest then due upon its San Luis Coastal Unified School District Educational Facilities Corporation Bond, Series of 1978, dated as of May 1, 1978, ..... No. ....  
 Coupon No.....

---

*Treasurer*

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
 TO APPEAR ON COUPON BONDS]

This is one of the Bonds described in the within-mentioned Indenture.

BANK OF AMERICA NATIONAL  
 TRUST AND SAVINGS  
 ASSOCIATION,  
 LOS ANGELES, CALIFORNIA  
*Trustee*

By

---

*Authorized Officer*



## [FORM OF FULLY REGISTERED SERIES OF 1978 BOND]

\$.....

No. R.....

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION BOND,  
SERIES OF 1978

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION, a nonprofit corporation organized and existing under and by virtue of the laws of the State of California (herein called the "Corporation"), for value received, hereby promises to pay to ..... or registered assigns, on May 1, ....., the principal sum of ..... Thousand Dollars (\$.....) in lawful money of the United States of America; and to pay interest thereon in like money from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or unless this Bond is authenticated prior to November 1, 1978, in which event it shall bear interest from May 1, 1978) until payment of such principal sum, at the rate of ..... per cent (.....%) per annum, payable semiannually on May 1 and November 1 in each year. Both the principal hereof and interest hereon are payable at the office of the Corporate Agency Division of Bank of America National Trust and Savings Association (herein called the "Trustee"), in Los Angeles, California.

This Bond is one of a duly authorized issue of bonds of the Corporation designated as the "San Luis Coastal Unified School District Educational Facilities Corporation Bonds" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, of the series and designation indicated on the face hereof, which issue of Bonds consists or may consist of one or more series, of varying dates, numbers, interest rates and other provisions, all issued under and equally secured by an indenture (herein called the "Indenture"), dated as of May 1, 1978, between the Corporation and the Trustee. The Bonds are obligations of the Corporation secured by a lien



on the leasehold interest of the Corporation in certain real property, as set forth in the Indenture, and on the Revenues, as defined in the Indenture. Additional bonds may be issued on a parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture and all indentures supplemental thereto for a description of the rights thereunder of the bearers and registered owners of the Bonds and the bearers of the appurtenant coupons, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Corporation thereunder, to all of the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Indenture contains provisions permitting the Corporation and the Trustee, with the consent of the holders of not less than sixty per cent (60%) in aggregate principal amount of the Bonds at the time outstanding, evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to, or changing in any manner, or eliminating any of the provisions of, the Indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of this Bond or reduce the rate of interest hereon or extend the time of payment of interest, or reduce the amount of the principal hereof, or reduce any premium payable on the redemption hereof, without the consent of the holder hereof, or (2) reduce the aforesaid percentage of holders of Bonds whose consent is required for the execution of such supplemental indentures, or permit the creation of any lien on the trust estate prior to or on a parity with the lien of the Indenture (except as expressly permitted therein) or deprive the holders of the Bonds of the lien created by the Indenture upon the trust estate (except as expressly permitted by the Indenture), without the consent of the holders of all Bonds then outstanding.

The Corporation shall have the right, under the circumstances prescribed in the Indenture, to redeem Series of 1978 Bonds at the principal amount thereof plus accrued interest to the date of redemption through the application of proceeds of insurance and eminent domain proceedings. Series of 1978 Bonds due on or before May 1, 1995 are not otherwise subject to redemption before their respective

stated maturities. Series of 1978 Bonds due on or after May 1, 1996 are also subject to redemption prior to their respective stated maturities, at the option of the Corporation, as a whole, or in part in inverse order of maturities and by lot within any such maturity if less than all of the Series of 1978 Bonds of such maturity be redeemed, from any source of available funds, on any interest payment date on or after May 1, 1988, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of one-fourth of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount plus one-fourth of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount for each whole year or fraction thereof remaining between the date fixed for redemption and their respective stated maturities.

As provided in the Indenture, notice of redemption shall be given by publication at least once in a financial newspaper or journal, printed in the English language, customarily published on each business day and circulated in Los Angeles, California, such publication to be not less than thirty nor more than sixty days before the redemption date. Notice of redemption hereof shall also be mailed, not less than thirty nor more than sixty days prior to the redemption date, to the registered owner of this Bond, but neither failure to mail such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an event of default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable as coupon Bonds in the denomination of \$5,000 and as fully registered Bonds without coupons in denominations of \$5,000 and any authorized multiple thereof. Subject to the limitations and conditions and upon payment of the charges,

if any, as provided in the Indenture, fully registered Bonds may be exchanged for a like aggregate principal amount of coupon Bonds of the same series and maturity or for a like aggregate principal amount of fully registered Bonds of the same series and maturity of other authorized denominations, and coupon Bonds may be exchanged for a like aggregate principal amount of fully registered Bonds of the same series and maturity of authorized denominations.

This Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Corporation and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Corporation and the Trustee shall not be affected by any notice to the contrary.

No recourse shall be had for the payment of the principal of or the interest on this Bond or for any claim based hereon or otherwise in respect hereof, or based on or in respect of the Indenture or any indenture supplemental thereto, against any incorporator, member, director or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being by the acceptance hereof and as part of the consideration for the issue hereof expressly waived and released, as provided in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, San Luis Coastal Unified School District Educational Facilities Corporation has caused this Bond to be executed on its behalf by its President, and its corporate seal to be reproduced hereon and attested by its Secretary, all as of May 1, 1978.

SAN LUIS COASTAL UNIFIED SCHOOL  
DISTRICT EDUCATIONAL FACILITIES  
CORPORATION

By

*President*

(Seal)

Attest:

*Secretary*

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION TO APPEAR ON REGISTERED BONDS]

This is one of the Bonds described in the within-mentioned Indenture and authenticated and registered .....

BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION,  
LOS ANGELES, CALIFORNIA  
*Trustee*

By

*Authorized Officer*



## [FORM OF CORRESPONDING COUPON BOND ENDORSEMENT]

*Notice: No writing below except by the Trustee*

This Registered Bond is issued in lieu of or in exchange for Coupon Bond(s) of this issue, series, interest rate and maturity, numbered .....

.....

....., in the denomination of \$5,000 each not contemporaneously outstanding aggregating the face value hereof; and Coupon Bond(s) of this issue and series and of the same interest rate and maturity aggregating the face value hereof [and bearing the above serial number(s) which has (have) been reserved for such Coupon Bond(s)] will be issued in exchange for this Registered Bond and upon surrender and cancellation thereof and upon payment of charges, all as provided in the within-mentioned Indenture.

## [FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto ..... the within-mentioned Registered Bond and hereby irrevocably constitute and appoint ..... attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

.....  
Dated: .....

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

and

WHEREAS, all acts and proceedings required by law and by the articles of incorporation and by-laws of the Corporation, including all action requisite on the part of its directors and officers, necessary



to make the Bonds, when executed by the Corporation, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal general obligations of the Corporation, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order to secure the payment of the principal of, and the interest and premium, if any, on, all Bonds at any time issued and outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the purchase and acceptance of the Bonds by the holders thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Corporation, party of the first part, does hereby grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, transfer a security interest in, pledge and set over unto the Trustee, party of the second part, and to its successors in the trusts hereby created, all and singular the property of the Corporation, real and personal, hereinafter described (said property being herein sometimes referred to as the "trust estate"):

1. The leasehold estate in and to the real property situate in the County of San Luis Obispo, State of California, herein in Exhibit A attached hereto particularly described, held by the Corporation under the lease, dated as of May 1, 1978 and entitled "Site Lease (Project Phase I)," between the District, as lessor, and the Corporation, as lessee, which was recorded in the office of the County Recorder of the County of San Luis Obispo on \_\_\_\_\_, 1978, under Recorder's Serial No. \_\_\_\_\_, together with all rights, interests and privileges of the lessee thereunder.

2. All of the rights, title and interest of the Corporation in, to and under the lease, dated as of May 1, 1978 and entitled "Facility Lease (Project Phase I)," between the Corporation,

as lessor, and the District, as lessee, which was recorded in the office of the County Recorder of the County of San Luis Obispo on ....., 1978, under Recorder's Serial No. ....

3. All of the revenues derived by the Corporation, directly or indirectly, from the use and operation of Project Phase I to be constructed on said real property referred to in paragraph 1 above, together with all of the rents, issues and profits derived by the Corporation from the leasehold estate described in paragraph 1 above or under the lease referred to in paragraph 2 above.

4. All property which is by the express provisions of this indenture required to be subjected to the lien hereof; and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Corporation or by anyone in its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder.

TO HAVE AND TO HOLD, all and singular, the trust estate, including any and all additional property that by virtue of any provision hereof or of any indenture supplemental hereto shall hereafter become subject to this Indenture and to the trusts hereby created, unto the Trustee and its successors in the trusts hereby created forever;

IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the holders from time to time of the Bonds (and their appurtenant coupons) authenticated and delivered hereunder and issued by the Corporation and outstanding, and for the enforcement of the payment of the Bonds and of the interest (and any premium) thereon when payable according to their tenor, purport and effect and to secure the performance of and compliance with the covenants and conditions of this Indenture, without preference, priority or distinction as to lien or otherwise of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or of any other cause, so that each Bond shall have the same rights, privileges and lien under and by virtue of this Indenture, and so that the principal of and interest (and any premium) on every Bond shall, subject to the terms hereof, be equally and proportionately secured hereby, as if all had been duly issued and

sold and negotiated simultaneously with the execution and delivery of this Indenture; and conditioned, however, that if the Corporation shall well and truly pay or cause to be paid fully and promptly when due all indebtedness, liabilities, obligations and sums at any time secured hereby, including interest and attorneys' fees, and shall promptly, faithfully and strictly keep, perform and observe or cause to be kept, performed and observed all of its covenants, warranties and agreements contained herein, then and in such event this Indenture shall be and become void and of no further force and effect; otherwise the same shall remain in full force and effect.

And it is hereby covenanted that the Bonds and any coupons for interest thereon shall be issued, authenticated and delivered, and that the trust estate shall be held by the Trustee, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Corporation agrees and covenants with the Trustee and with the holders from time to time of the Bonds and their appurtenant coupons, as follows:

## ARTICLE I

### DEFINITIONS, NOTICES

SECTION 1.01. *Definitions.* Unless the context otherwise requires, the terms defined in this Section (and in Article VI hereof) shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

#### **Additional Bonds**

The term "Additional Bonds" shall mean bonds of the Corporation payable from Revenues and having a lien on the trust estate and ranking on a parity with the Bonds and authorized to be issued under and pursuant to Section 3.06.

#### **Additional Rental**

The term "Additional Rental" shall mean all amounts received by the Corporation from the District as additional rental pursuant to

the Facility Leases to be used to pay expenses of the Corporation other than the payment of the principal of and interest on the Bonds.

**Architects**

The term "Architects" shall mean Arendt/Mosher/Grant/Pedersen/Phillips, Architects, as the architects for the portion of Project Phase I consisting of the additions to San Luis Obispo High School, and Cashion-Horie Architects, Inc., as the architects for the portion of Project Phase I consisting of the additions to Morro Bay High School, and all other architects or engineers or firms of architects or engineers retained to prepare plans and specifications for the Project or any Subsequent Phase of the Project.

**Architects' Certificate**

The term "Architects' Certificate" shall mean a certificate signed by a duly authorized officer or agent of the Architects, with the approval of the Assistant Superintendent of the District or his duly authorized representative endorsed thereon.

**Base Rental**

The term "Base Rental" shall mean all amounts received by the Corporation from the District as base rental pursuant to the Facility Leases to be used to pay the principal of and interest on the Bonds.

**Bonds, Serial Bonds, Term Bonds, Bonds of Series of 1978, Series of 1978 Bonds**

The term "Bonds" shall mean the San Luis Coastal Unified School District Educational Facilities Corporation Bonds authorized under and secured by this Indenture, and, so long as any of such Bonds are outstanding, any Additional Bonds authorized under and secured by this Indenture and any supplemental indenture.

The term "Serial Bonds" as to the Series of 1978 Bonds shall mean all of the Series of 1978 Bonds, and as to Bonds of subsequent series shall mean Bonds designated as Serial Bonds in the supplemental indenture providing for the issuance of such series and for which no Minimum Sinking Fund Account Payments are provided.



The term "Term Bonds" as to Bonds of subsequent series shall mean Bonds designated as Term Bonds in the supplemental indenture providing for the issuance of such series which are payable at or before their specified maturity date or dates from Minimum Sinking Fund Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

The terms "Bonds of Series of 1978" and "Series of 1978 Bonds" shall mean the San Luis Coastal Unified School District Educational Facilities Corporation Bonds, Series of 1978, issued hereunder.

### **Corporation**

The term "Corporation" shall mean the party of the first part hereto, San Luis Coastal Unified School District Educational Facilities Corporation, a nonprofit corporation organized and existing under and by virtue of the laws of the State of California.

### **Designated Office of the Trustee**

The term "Designated Office of the Trustee" shall mean the office of the Corporate Agency Division of the Trustee in Los Angeles, California, which, on the date of execution of this Indenture, is located at 111 West Seventh Street, Los Angeles, California.

### **District**

The term "District" shall mean the school district of the State of California located in San Luis Obispo County and known as the San Luis Coastal Unified School District, as the same is organized and existing under and by virtue of the laws of the State of California now in effect and as hereafter amended.

### **Facility Lease (Project Phase I), Facility Leases, Facility Lease**

The term "Facility Lease (Project Phase I)" shall mean the lease, dated as of May 1, 1978 and entitled "Facility Lease (Project Phase I)," between the Corporation, as lessor, and the District, as lessee, which was recorded in the office of the County Re-

corder of the County of San Luis Obispo as set forth in paragraph 2 of the granting clauses hereof, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof.

The term "Facility Leases" shall mean the Facility Lease (Project Phase I) and each subsequent lease entered into from the Corporation, as lessor, to the District, as lessee, of any Subsequent Phase of the Project to be financed from the proceeds of an additional series of Bonds or Additional Bonds.

The term "Facility Lease" shall mean any one of the Facility Leases.

#### **Financial Newspaper or Journal**

The term "Financial Newspaper or Journal" shall mean *The Wall Street Journal* and *The Daily Bond Buyer*, and any other newspaper or journal publishing financial news and selected by the Trustee, whose decision shall be final and conclusive, printed in the English language, circulated in Los Angeles, California and customarily published on each business day.

#### **Maximum Annual Debt Service, Annual Debt Service, Debt Service**

The term "Maximum Annual Debt Service" shall mean the sum of (1) the interest falling due on then outstanding Bonds, assuming that all then outstanding Serial Bonds are retired as scheduled and that all then outstanding Term Bonds are redeemed or purchased in amounts equal to the annual Minimum Sinking Fund Account Payments applicable to such Term Bonds, (2) the principal amount of then outstanding Serial Bonds falling due by their terms, and (3) the aggregate minimum amounts of all annual Minimum Sinking Fund Account Payments required by any Supplemental Indenture to be deposited in any Sinking Fund Account provided for in any Supplemental Indenture; all as computed for the twelve-month period ending on May 1 in which such sum is largest.

The term "Annual Debt Service" shall mean the sum of said items (1), (2) and (3) for the twelve-month period ending on May 1 to which reference is made.

The term "Debt Service" shall mean the sum of said items (1), (2) and (3).

### **Minimum Sinking Fund Account Payments**

The term "Minimum Sinking Fund Account Payments" shall mean the aggregate amounts required by any supplemental indenture or indentures to be deposited in Sinking Fund Accounts for the payment of Term Bonds.

### **Project, Project Phase I, Subsequent Phase of the Project**

The term "Project" shall mean Project Phase I and each Subsequent Phase of the Project described and defined in a supplemental indenture.

The term "Project Phase I" shall mean the public school buildings and facilities set forth below, to be financed from the proceeds of the Series of 1978 Bonds, together with parking, site development, landscaping, utilities, equipment and appurtenant and related facilities, including all works, properties and structures comprising said buildings and facilities, to be constructed on the real property leased to the Corporation by the District under the Site Lease (Project Phase I), in accordance with the plans and specifications prepared by the Architects, all to be constructed in accordance with the requirements set forth in the Facility Lease (Project Phase I), together with any additions, extensions or improvements to Project Phase I. The public school facilities included in Project Phase I are as follows:

<u>Public School Facility</u>	<u>Location</u>
Classroom, library, shop, multipurpose gymnasium, and physical education additions to San Luis Obispo High School	1350 California Boulevard, San Luis Obispo, California
Classroom, shop, library, gymnasium and physical education additions to Morro Bay High School	235 Atascadero Road, Morro Bay, California

The term "Subsequent Phase of the Project" shall mean any and all public school facilities or buildings in the District and all additions, extensions or improvements thereto hereafter added to the Project and hereafter described by any indenture supplemental hereto.

### **Public Body**

The term "Public Body" shall mean the District.

### **Sinking Fund Accounts**

The term "Sinking Fund Accounts" shall mean any Sinking Fund Accounts established by any supplemental indenture or indentures in the Principal Fund (established pursuant to Section 4.02) for the payment of Term Bonds.

### **Site Lease (Project Phase I), Site Leases, Site Lease**

The term "Site Lease (Project Phase I)" shall mean the lease, dated as of May 1, 1978 and entitled "Site Lease (Project Phase I)," between the District, as lessor, and the Corporation, as lessee, which was recorded in the office of the County Recorder of the County of San Luis Obispo as set forth in paragraph 1 of the granting clauses hereof, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions hereof.

The term "Site Leases" shall mean the Site Lease (Project Phase I) and each subsequent lease entered into from the District, as lessor, to the Corporation, as lessee, of the site for any Subsequent Phase of the Project to be financed from the proceeds of an additional series of Bonds or Additional Bonds.

The term "Site Lease" shall mean any one of the Site Leases.

### **Trustee**

The term "Trustee" shall mean the party of the second part hereto, Bank of America National Trust and Savings Association, a national banking association organized and existing under and by virtue of the laws of the United States of America, having a principal office in the City of Los Angeles, County of Los Angeles, State of California, or its successor for the time being as Trustee hereunder.

SECTION 1.02. *Notice to Corporation and Trustee.* Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Designated Office of the Trustee,



or at such other address as may be filed in writing by the Trustee with the Corporation. Any notice to or demand upon the Corporation shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Corporation in care of San Luis Coastal Unified School District, 1499 San Luis Drive, San Luis Obispo, California 93401, or to the Corporation at such other address as may be filed in writing by the Corporation with the Trustee.

## ARTICLE II

### THE BONDS

SECTION 2.01. *Authorization of Bonds.* (a) Bonds may be issued hereunder from time to time in order to obtain funds to carry out the purposes of the Corporation. The maximum principal amount of Bonds which may be issued hereunder is not limited; subject, however, to the right of the Corporation, which is hereby reserved, to limit or restrict the aggregate principal amount of Bonds which may at any time be issued and outstanding hereunder. The Bonds are designated generally as the "San Luis Coastal Unified School District Educational Facilities Corporation Bonds." The Bonds may be issued in such series as from time to time shall be established and authorized by the Board of Directors of the Corporation, and this Indenture constitutes a continuing agreement with the holders of all of the Bonds at any time outstanding to secure the full and final payment of the principal of and premium, if any, and interest on all Bonds which may from time to time be executed and delivered hereunder.

SECTION 2.02. *Terms of Series of 1978 Bonds.* An initial series of Bonds is hereby created and such Bonds are designated as the "San Luis Coastal Unified School District Educational Facilities Corporation Bonds, Series of 1978" (herein called the "Series of 1978 Bonds"). The aggregate principal amount of Series of 1978 Bonds which may be issued and outstanding under this Indenture shall not exceed fourteen million eight hundred thousand dollars (\$14,800,000), exclusive of Bonds executed and authenticated as provided in Section 7.07.

Interest on the Series of 1978 Bonds shall be payable semi-annually on May 1 and November 1 in each year. The Series of 1978 Bonds shall bear interest at the following rates per annum, and shall mature on May 1 in each of the years, as follows:

<u>Maturity Date May 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Date May 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1981 .....	\$330,000	....%	1991 .....	\$ 700,000	....%
1982 .....	360,000		1992 .....	755,000	
1983 .....	385,000		1993 .....	815,000	
1984 .....	415,000		1994 .....	875,000	
1985 .....	450,000		1995 .....	945,000	
1986 .....	485,000		1996 .....	1,020,000	
1987 .....	520,000		1997 .....	1,095,000	
1988 .....	560,000		1998 .....	1,185,000	
1989 .....	605,000		1999 .....	1,275,000	
1990 .....	650,000		2000 .....	1,375,000	

The Series of 1978 Bonds may be issued as coupon Bonds in the denomination of five thousand dollars (\$5,000) or as fully registered Bonds without coupons in the denomination of five thousand dollars (\$5,000) or any multiple thereof, so long as no fully registered Bond shall have principal maturing in more than one year.

Both the principal of and interest on the Series of 1978 Bonds shall be payable in lawful money of the United States of America at the office of the Corporate Agency Division of the Trustee in Los Angeles, California. In the case of coupon Series of 1978 Bonds, both such principal and interest shall also be payable, at the option of the holder, at the principal office of the Paying Agent of the Corporation in New York, New York, or at the office of the Paying Agent of the Corporation in Chicago, Illinois.

The coupon Series of 1978 Bonds shall be dated as of May 1, 1978, shall be numbered 1 to 2,960, inclusive, in consecutive numerical order, and shall bear interest from May 1, 1978. Payment of interest on the coupon Bonds due on or before the maturity of such Bonds shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively fall due.

The fully registered Series of 1978 Bonds shall be dated as of May 1, 1978, and shall bear interest from the interest payment date next preceding the date of authentication thereof unless such date of authentication is an interest payment date, in which event they shall bear interest from such date of authentication, or unless such date of authentication is prior to the first interest payment date, in which event they shall bear interest from May 1, 1978; provided, however, that if, at the time of authentication of any fully registered Bond, interest is in default on outstanding Bonds, such fully registered Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Bonds. Payment of the interest on any fully registered Bond shall be made to the person appearing on the Bond registration books of the Trustee as the registered owner thereof, such interest to be paid by check or draft mailed to the registered owner at his address as it appears on such registration books or at such address as he may have filed with the Trustee for that purpose.

SECTION 2.03. *Terms of Redemption.* (a) The Corporation shall have the right, on any date, to redeem the Series of 1978 Bonds, as a whole, or in part by lot within each maturity so that the Annual Debt Service for the Series of 1978 Bonds for all years in which Series of 1978 Bonds shall mature after such redemption shall be as nearly equal as practicable, from proceeds of insurance or proceeds of eminent domain proceedings, upon the terms and conditions of, and as provided for in, Sections 5.03 and 9.13, respectively, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Series of 1978 Bonds due on or before May 1, 1995 shall not otherwise be subject to redemption before their respective stated maturities. Series of 1978 Bonds due on or after May 1, 1996 shall also be subject to redemption prior to their respective stated maturities, at the option of the Corporation, as a whole, or in part in inverse order of maturities and by lot within any such maturity if less than all of the Series of 1978 Bonds of such maturity be redeemed, from any source of available funds, on any interest payment date on or after May 1, 1988, at the principal amount thereof and accrued interest thereon to the date fixed for

redemption, plus a premium of one-fourth of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount plus one-fourth of one per cent ( $\frac{1}{4}$  of 1%) of such principal amount for each whole year or fraction thereof remaining between the date fixed for redemption and their respective stated maturities.

(b) Any series of Bonds, other than Series of 1978 Bonds, may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, and upon payment of the principal amount thereof plus such premium or premiums, if any, as may be determined by the Corporation at the time such series is authorized and as shall be set forth in the supplemental indenture authorizing such series, except that such supplemental indenture shall provide that the Corporation shall have the right, on any date, to redeem the bonds of any such series, as a whole, or in part by lot within each maturity so that the Annual Debt Service for the Bonds of such series for all years in which Bonds of such series shall mature after such redemption shall be as nearly equal as practicable, from proceeds of insurance or proceeds of eminent domain proceedings, upon the terms and conditions of, and as provided for in, Sections 5.03 and 9.13, respectively, at the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium.

(c) Bonds shall be redeemed in accordance with the procedures set forth in Article VIII hereof.

### ARTICLE III ISSUE OF BONDS

SECTION 3.01. *Authentication and Delivery of Series of 1978 Bonds.* The Trustee, forthwith upon the execution and delivery of this Indenture or from time to time thereafter, upon the execution and delivery to it by the Corporation of the Series of 1978 Bonds, as hereinabove provided, and without any further action on the part of the Corporation, shall authenticate Series of 1978 Bonds in an aggregate principal amount of not exceeding fourteen million eight hundred thousand dollars (\$14,800,000), and shall deliver them to or upon the Written Order of the Corporation.



SECTION 3.02. *Application of Proceeds of Series of 1978 Bonds.* The proceeds received by the Corporation from the sale of the Series of 1978 Bonds shall be deposited with the Trustee, who shall forthwith set aside such proceeds in the following respective funds:

(a) The Trustee shall set aside in the Interest Fund (established pursuant to Section 4.02) an amount which, together with any accrued interest received upon the sale of the Series of 1978 Bonds, is sufficient to pay the interest accruing on the Series of 1978 Bonds on and before May 1, 1980.

(b) The Trustee shall set aside in the Corporate Operation Fund (established pursuant to Section 4.03) the sum of ten thousand dollars (\$10,000).

(c) The Trustee shall set aside in the Reserve Fund (established pursuant to Section 4.02) a sum equal to one-half ( $\frac{1}{2}$ ) of the Maximum Annual Debt Service on the Series of 1978 Bonds.

(d) The Trustee shall set aside the remainder of said proceeds in a separate fund to be known as the "Construction Fund," which the Trustee shall establish and maintain.

SECTION 3.03. *Construction Fund.* The proceeds of each such series of Bonds deposited in the Construction Fund shall be held in separate accounts to be established and maintained by the Trustee in the Construction Fund for the purpose of providing funds for the acquisition and construction of such phase of the Project for which such series of Bonds was issued. Each such separate account as is established from time to time shall be assigned a Roman numeral, in consecutive numerical order, and shall be designated as the "Project Phase .... Construction Account." Such accounts collectively shall be hereinafter called the "Project Construction Accounts."

The moneys in each Project Construction Account shall be held by the Trustee in trust and applied to the payment of any rental due to the District under the Site Leases and of the costs of acquisition and construction of such phase of the Project (including interest during construction and for a period of not to exceed twelve months thereafter) and of expenses incident thereto, including architectural and engineering fees and expenses, furniture and equipment, testing

and inspection, surveys, land acquisition, insurance premiums, losses during construction not insured against because of deductible amounts, the fees and expenses of the Trustee, expenses in connection with the preparation, issuance and delivery of the Bonds of such series, legal fees and expenses of counsel, and similar expenses.

Before any payment is made from any Project Construction Account by the Trustee (except for the payment of rental to the District under the Site Leases, and except for the transfer of moneys to the Interest Fund to pay interest during construction and not to exceed twelve months thereafter which shall be authorized by a Written Requisition of the Corporation in form acceptable to the Trustee), the Corporation shall cause to be filed with the Trustee—

(a) in the case of payment of any cost of construction of the Project pursuant to the contracts described in Section 3.07 hereof or in a corresponding section of any supplemental indenture, an Architects' Certificate, showing the particular Project Construction Account from which the payment is to be made, the item number of the payment and the amount to be paid, with the approval of the Assistant Superintendent of the District or his duly authorized representative endorsed thereon; or

(b) in the case of payment of any other cost of acquisition or construction of the Project or expense incident to the Project, a Written Requisition of the Corporation, with the approval of the Assistant Superintendent of the District or his duly authorized representative endorsed thereon, showing with respect to each payment to be made—

- (1) the particular Project Construction Account from which the payment is to be made;
- (2) the item number of the payment;
- (3) the name of the person to whom payment is due;
- (4) the amount to be paid; and
- (5) the purpose for which the obligation to be paid was incurred.

Each such Architects' Certificate and each such Written Requisition shall state, and shall be sufficient evidence to the Trustee—

(a) that obligations in the stated amounts have been incurred by the Corporation and that each item thereof is a proper charge against the Construction Fund; and

(b) that there has not been filed with or served upon the Corporation notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the persons named in such Architects' Certificate or Written Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Upon receipt of each such Architects' Certificate and of each such Written Requisition, the Trustee will pay the amount set forth in such Architects' Certificate or such Written Requisition as directed by the terms thereof. The Trustee need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, which has not been released or will not be released simultaneously with such payment.

When Project Phase I shall have been completed, and when each Subsequent Phase of the Project shall have been completed, a Certificate of the Corporation stating the fact and date of such completion and stating that all of the cost of construction thereof and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the particular Project Construction Account is to be maintained in the full amount of such claims until such dispute is resolved), together with an Architects' Certificate stating the fact and date of such completion, shall be delivered to the Trustee by the Corporation. Upon the receipt of such certificates, the Trustee shall either, as directed by said Certificate of the Corporation, transfer any remaining balance in the applicable Project Construction Account and not needed for Construction Fund purposes (but less the amount of any such retention) to the Revenue Fund established pursuant to Section 4.01 or transfer said remaining balance (but less the amount of any such reten-

tion) to such other Project Construction Account as shall be designated in said Certificate of the Corporation.

SECTION 3.04. *Issuance of Additional Series of Bonds.* In addition to the Series of 1978 Bonds, the Corporation may by supplemental indenture establish one or more other series of Bonds on a parity with the Series of 1978 Bonds, and the Corporation may issue, and the Trustee may authenticate and deliver to or upon the Written Order of the Corporation, Bonds of any series so established, in such principal amount as shall be determined by the Corporation, but only upon compliance by the Corporation with the provisions of Section 3.05, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional series of Bonds:

(a) The Corporation shall not be in default under this Indenture.

(b) The supplemental indenture authorizing the issuance of such additional series of Bonds shall require that the proceeds of the sale of such additional series shall be applied for the acquisition and construction of any Subsequent Phase of the Project, or of additions, extensions or improvements to the Project, or, if necessary, for the completion of any part of the Project, including the payment of costs and expenses of and incident to the issuance and sale of such additional series of Bonds. Said supplemental indenture may also provide that a portion of such proceeds shall be applied to the payment of interest due or to become due on said Bonds during the estimated period of construction of such Subsequent Phase of the Project or of such additions, extensions or improvements to the Project, and for a further period of not exceeding one year after said period of construction.

(c) Said supplemental indenture shall provide that from such proceeds an amount shall be deposited in the Reserve Fund established pursuant to Section 4.02 at least equal to one-half ( $\frac{1}{2}$ ) of the Maximum Annual Debt Service on the Bonds of such additional series, and that following such deposit there shall be on deposit in the Reserve Fund an amount at least equal to one-half ( $\frac{1}{2}$ ) of the Maximum Annual Debt Service



on all Bonds then outstanding, including the Bonds of such additional series.

(d) The Bonds of such additional series shall be payable as to principal on May 1 of each year in which principal falls due, shall be payable as to interest on May 1 and November 1 of each year, and shall be subject to redemption as provided in Section 2.03(b).

(e) The aggregate principal amount of Bonds issued and at any time outstanding hereunder shall not exceed any limit imposed by law, by this Indenture or by any supplemental indenture.

(f) A Facility Lease shall have been entered into, or an existing Facility Lease shall have been amended, so as to increase the Base Rental payable by the District under all Facility Leases by an aggregate amount at least equal to the Debt Service on such additional series of Bonds, payable to the Trustee at such times and in such manner as may be necessary to provide for the payment of such Debt Service as it becomes due.

(g) Fixed serial maturities or mandatory Minimum Sinking Fund Account Payments, or any combination thereof, shall be established in amounts sufficient to provide for the retirement of all of the Bonds of such additional series on or before their respective maturity dates and so that the Annual Debt Service on such additional series of Bonds shall be as nearly as practicable the same in each year that the Bonds of such additional series shall mature or shall be subject to mandatory redemption from the Sinking Fund Accounts.

(h) A Facility Lease shall have been entered into, or an existing Facility Lease shall have been amended, so as to lease to the District such Subsequent Phase of the Project or the additions, extensions or improvements to the Project being financed from the proceeds of such additional series of Bonds.

(i) The Corporation shall have entered into a contract or contracts for all construction to be financed from the proceeds of such additional series of Bonds. Each said contract shall provide for a guaranteed maximum price for the construction to be performed thereunder, which price shall be an amount clearly

available from the proceeds of said additional series of Bonds and any other moneys legally available therefor, and each said contract shall require the contractor to furnish a performance bond in an amount at least equal to one hundred per cent (100%) of said price as security for the faithful performance of the contract and a labor and materials (payment) bond at least equal to one hundred per cent (100%) of said price as security for the payment of all persons performing labor or furnishing materials in connection with the contract. Said bonds shall be underwritten by responsible corporate sureties. Each said contract shall also require the contractor thereunder to complete the work therein provided for within a fixed period of time after receipt of notice to commence work.

(j) If the proceeds of such additional series of Bonds are to be used, in whole or in part, to finance construction on real property not subject to the lien of this Indenture, (1) a Site Lease shall have been entered into, or an existing Site Lease shall have been amended, so as to lease to the Corporation such additional real property; (2) the supplemental indenture authorizing the issuance of such additional series of Bonds shall subject such additional real property to the lien of this Indenture; and (3) a Facility Lease shall have been entered into, or an existing Facility Lease shall have been amended, so as to lease to the District such additional real property.

(k) If then so required by law, the District shall have been authorized to enter into the Facility Lease or the amendment to an existing Facility Lease by the favorable vote of the electors of the District voting on such a proposition.

SECTION 3.05. *Proceedings for Issuance of Additional Series of Bonds.* Whenever the Corporation shall determine to issue an additional series of Bonds pursuant to Section 3.04, the Board of Directors of the Corporation shall by resolution authorize the execution and delivery of a supplemental indenture prescribing the terms and conditions of such additional series of Bonds. The Corporation shall then execute such supplemental indenture and deliver the same to the Trustee, together with a certified copy of such resolution.

Such supplemental indenture shall prescribe the forms of Bonds of such additional series and, subject to the provisions of Section 3.04, shall provide for the distinctive designation, denominations, method of numbering, dates, maturity dates, interest rates, interest payment dates and places of payment of principal and interest of such Bonds.

Upon the execution and delivery to the Trustee of such supplemental indenture, the Corporation shall file the following documents with the Trustee:

(a) An Opinion of Counsel setting forth (1) that he has examined the supplemental indenture; (2) that the execution and delivery of the additional series of Bonds have been sufficiently and duly authorized by the Corporation; (3) that said additional series of Bonds, when duly executed by the Corporation and authenticated and delivered by the Trustee, will be valid and binding obligations of the Corporation; (4) that any Site Lease or amendment to an existing Site Lease required by Section 3.04(j) has been duly authorized, executed and delivered and has been duly recorded; and (5) that the Facility Lease or the amendment to an existing Facility Lease required by Section 3.04(f), (h) and (j) has been duly authorized, executed and delivered and has been duly recorded.

(b) A Certificate of the Corporation that the requirements of Section 3.04(a) and (k) have been met.

(c) A certified copy of a resolution of the governing board of the District authorizing the execution of the Facility Lease or the amendment to an existing Facility Lease required by Section 3.04(f), (h) and (j).

(d) An executed counterpart or duly authenticated copy of the Facility Lease or the amendment to an existing Facility Lease required by Section 3.04(f), (h) and (j).

(e) Executed counterparts or duly authenticated copies of the construction contract, performance bond and labor and materials (payment) bond required by Section 3.04(i).

(f) Certified copies of the policies of insurance required by Section 5.03(a) and (c) or certificates thereof.

(g) If the proceeds of such additional series of Bonds are to be used, in whole or in part, to finance construction on real property not then subject to the lien of this Indenture, (1) an executed counterpart or duly authenticated copy of the Site Lease or the amendment to an existing Site Lease required by Section 3.04(j) and (2) a certified copy of a resolution of the governing board of the District authorizing the execution of the Site Lease or the amendment to an existing Site Lease.

(h) A title insurance policy in an amount equal to the principal amount of such additional series of Bonds, insuring either the leasehold estate of the Corporation in such additional real property being added to the lien of this Indenture or the title of the District in such real property, or, if no real property is being added, a title insurance policy or endorsement thereto in such an amount increasing the insurance coverage on the real property being improved from the proceeds of the Bonds of such additional series.

Upon delivery to the Trustee of the foregoing instruments and upon the Trustee's being satisfied from an examination of said instruments that all applicable provisions of this Indenture have been complied with, so as to permit the issuance of the additional series of Bonds in accordance with the supplemental indenture then delivered to it, the Trustee shall execute such supplemental indenture and shall authenticate and deliver Bonds of said series, in the aggregate principal amount specified in such supplemental indenture, to, or upon the Written Order of, the Corporation, when such Bonds shall have been presented to it for that purpose.

SECTION 3.06. *Additional Bonds.* So long as any of the Bonds remain outstanding, the Corporation will not issue any Additional Bonds or obligations payable from Revenues or having a lien upon the trust estate having priority over, or on a parity with, the Bonds, except pursuant to Sections 3.04 and 3.05, unless the following conditions precedent exist:

(a) The Corporation shall not be in default under this Indenture;



(b) The proceeds from the issuance of such Additional Bonds or obligations are to be expended for the purpose of constructing additions, extensions or improvements to the Project, or, if necessary, for the completion of the Project; and

(c) The holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding shall have consented in writing to the issuance of such Additional Bonds or obligations.

SECTION 3.07. *Construction Contracts (Project Phase I).* The Corporation has executed contracts with the contractors hereinafter set forth, providing for the construction of Project Phase I:

<u>Project Phase I School Facility</u>	<u>Contractor</u>
Classroom, library, shop, multipurpose gymnasium, and physical education additions to San Luis Obispo High School	Robert G. Fisher Company, Inc. Fresno, California
Classroom, shop, library, gymnasium and physical education additions to Morro Bay High School	Robert G. Fisher Company, Inc. Fresno, California

Copies of said contracts are on file in the office of the Trustee. The Corporation covenants that, not later than twenty-four hours after the delivery of the Series of 1978 Bonds, the Corporation will notify the contractors under said contracts to commence work thereunder and will at all times thereafter cause the work of construction of Project Phase I to be diligently prosecuted to completion.

The Corporation covenants that, without the approval of the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds at the time outstanding, it will not make any changes in said contracts which will materially reduce or diminish the capacity, adaptability or usefulness of Project Phase I for the purposes for which it was designed. The Corporation further covenants that it will not make any changes in said contracts which will materially increase the total cost of construction of Project Phase I above the prices set forth therein unless the District shall have authorized such changes and (i) the balance then on hand in the Construction Fund and available for the purpose shall be sufficient to pay all costs and expenses then payable, or which thereafter may become payable, from said Fund, including all sums then and thereafter payable pursuant to said contracts and the increase in total cost resulting from such changes, or (ii) the District shall have

deposited with the Trustee (or, in a manner satisfactory to the Trustee, shall have guaranteed to deposit with the Trustee) such amount as shall be required to increase the balance in said Fund to an amount sufficient to pay all such costs and expenses. The Trustee shall set aside in the Construction Fund all amounts so deposited.

## ARTICLE IV

### REVENUES

SECTION 4.01. *Pledge and Assignment of Revenues; Revenue Fund.* All of the Revenues are hereby irrevocably pledged to the punctual payment of the principal of and interest on the Bonds, and Revenues shall not be used for any other purpose while any of the Bonds remain outstanding, except that out of Revenues there may be apportioned and paid such sums, for such purposes, as are expressly permitted by Sections 4.02, 4.03, 5.03 and 9.13. Said pledge shall constitute a first and exclusive lien on the Revenues for the payment of the Bonds in accordance with the terms thereof.

All Revenues to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 4.04) are hereby irrevocably assigned by the Corporation to the Trustee and shall be paid directly to the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one business day after the receipt thereof, and the Trustee shall deposit all Revenues (except income or profit from investments pursuant to Section 4.04, except Additional Rental paid by the District pursuant to the Facility Leases, except any proceeds of insurance received pursuant to Section 5.03 and except any eminent domain proceeds received pursuant to Section 9.13) in a special fund designated as the "Revenue Fund," which the Trustee shall establish and maintain so long as any of the Bonds are outstanding. All moneys at any time deposited in the Revenue Fund shall be held by the Trustee in trust for the benefit of the holders from time to time of the Bonds and the coupons appertaining thereto, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

SECTION 4.02. *Allocation of Moneys in Revenue Fund to Special Funds.* The Trustee shall transfer from the Revenue Fund the following amounts at the times and in the manner hereinafter provided, and shall deposit such amounts in one or more of the following respective funds, each of which the Trustee shall establish and maintain and hold in trust, and each of which shall be disbursed and applied only as hereinafter authorized, except that the Trustee, upon the written request of the District and upon receipt of such documentation as it may require, shall withdraw from the Revenue Fund and pay to the District moneys sufficient to reimburse the District for any rental theretofore paid by the District under any Facility Lease for a period of time during which the payment of rental under such Facility Lease is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance required by Section 5.03(c) and moneys in the Interest Fund or the Principal Fund or the Reserve Fund) are available. Such amounts shall be so transferred to and deposited in the following respective funds in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority, except that if the Trustee, in its discretion, from time to time, after making each semiannual deposit in the Interest Fund and the Principal Fund hereinafter provided for, shall determine that all or any portion of any moneys then in the Revenue Fund is or will be required for the payment of the principal of and interest on Bonds on any succeeding interest, or interest and principal, payment date (assuming for the purposes of such determination that the District shall pay when due all remaining payments of Base Rental required by the Facility Leases), the Trustee shall hold until needed for such purposes such moneys to be so needed in a special account in the Revenue Fund:

(a) *Interest Fund.* The Trustee, on or before April 30 and October 31 of each year (commencing on or before October 31, 1980), shall deposit in the Interest Fund (the initial payment into which is provided for in Section 3.02) an amount equal to the aggregate half-yearly amount of interest becoming due and payable on the outstanding Bonds on the next succeeding interest payment date (less any amount then on deposit in



said Fund and available for the payment of interest on such next succeeding interest payment date).

Except as hereinafter provided, moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds when due and payable (including accrued interest on any Bonds redeemed prior to maturity pursuant to this Indenture), except that the Trustee, upon the written request of the District and upon receipt of such documentation as it may require, shall withdraw from the Interest Fund and pay to the District moneys sufficient to reimburse the District for any rental theretofore paid by the District under any Facility Lease for a period of time during which the payment of rental under such Facility Lease is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance required by Section 5.03(c) and moneys in the Principal Fund or the Reserve Fund) are available.

(b) *Principal Fund; Sinking Fund Accounts.* The Trustee, on or before October 31 of each year (commencing on or before October 31, 1980), shall deposit in the Principal Fund an amount equal to at least (a) one-half of the aggregate yearly amount of principal becoming due and payable on the outstanding Serial Bonds of all series on the next succeeding May 1, plus (b) one-half of the aggregate of the Minimum Sinking Fund Account Payments to be paid during the twelve-month period ending on the next succeeding May 1 into the respective Sinking Fund Accounts for the Term Bonds of all series for which Sinking Fund Accounts shall have been created, and the Trustee, on or before April 30 of each year (commencing on or before April 30, 1981), shall deposit in the Principal Fund an amount at least equal to (a) the sum which, together with any balance then on deposit in said Fund (and available for such purposes), will be sufficient to pay the aggregate amount of principal becoming due and payable on the outstanding Serial Bonds on the next succeeding May 1, plus (b) one-half of the aggregate of the Minimum Sinking Fund Account Payments to be paid during the twelve-month period ending on the next succeeding May 1 into the respective Sinking Fund



Accounts for the Term Bonds of all series for which Sinking Fund Accounts shall have been created. All of the aforesaid Minimum Sinking Fund Account Payments shall be made without priority of any payment into any one such Sinking Fund Account over any other such payment. In the event that the moneys in the Principal Fund on any May 1 are not equal to the amount of principal to become due and payable on the outstanding Serial Bonds of all series on such May 1 plus the principal of and redemption premium on the outstanding Term Bonds required to be redeemed on said May 1 then such moneys shall be applied pro rata in such proportion as said Serial Bonds and said Term Bonds shall bear to each other (taking into account for such purposes any of said Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on said May 1 and commencing on the immediately preceding May 2). In the event that the Revenues shall not be sufficient to pay in full all Minimum Sinking Fund Account Payments required to be paid at any one time into all such Sinking Fund Accounts, then payments into all such Sinking Fund Accounts shall be made pro rata in such proportion that the respective Minimum Sinking Fund Account Payments required to be made into each Sinking Fund Account during the then current fiscal year bear to the aggregate of all of the Minimum Sinking Fund Account Payments required to be made into all such Sinking Fund Accounts during such fiscal year.

No deposit need be made into the Principal Fund so long as there shall be in such fund (i) moneys sufficient to pay the principal of all Serial Bonds issued hereunder and then outstanding and maturing by their terms on the next succeeding May 1 plus (ii) the aggregate of all Minimum Sinking Fund Account Payments required to be made in the twelve-month period ending on the next succeeding May 1, but less any amounts deposited into the Principal Fund in such twelve-month period and theretofore paid out from the Principal Fund to redeem or purchase Term Bonds during such twelve-month period.

Except as otherwise provided herein, all moneys in the Principal Fund shall be used and withdrawn by the Trustee

solely for the purpose of paying the principal of the Bonds when due and payable, except that all moneys in any Sinking Fund Account shall be used and withdrawn by the Trustee only to purchase or to redeem Bonds of the series for which such Sinking Fund Account was created, as provided herein or in any supplemental indenture, and further except that the Trustee, upon the written request of the District and upon receipt of such documentation as it may require, shall withdraw from the Principal Fund and pay to the District moneys sufficient to reimburse the District for any rental theretofore paid by the District under any Facility Lease for a period of time during which the payment of rental under such Facility Lease is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance required by Section 5.03(c) and moneys in the Reserve Fund) are available.

(c) *Operation and Maintenance Fund.* If at any time the Corporation shall operate the Project, the Trustee, on or before each April 30 and each October 31, shall deposit in the Operation and Maintenance Fund all amounts which shall be estimated to be required to provide for the payment of all costs of maintenance and operation of the Project during the next six months, including costs of repairs and replacements, labor costs and insurance. Moneys in the Operation and Maintenance Fund shall be disbursed by the Trustee to pay such costs upon the Written Request of the Corporation.

(d) *Reserve Fund.* The Trustee, on or before each April 30 and each October 31 (commencing on or before October 31, 1980), shall deposit in the Reserve Fund (the initial payment into which is provided for in Section 3.02) all moneys available after the deposits required by subsections (a), (b) and (c) of this Section have been made, less any amounts retained in a special account in the Revenue Fund pursuant to the first paragraph of this Section 4.02. If on May 1 or November 1 of any year the amount in the Reserve Fund exceeds one-half ( $\frac{1}{2}$ ) of the Maximum Annual Debt Service on the Bonds, the Trustee, if the Corporation is not then in default hereunder and if the District is not then in default under any Facility Lease, shall pay the amount of such excess to the District, unless any portion

of such excess shall be needed to increase the balance in the Corporate Operation Fund to the amount required to be on deposit in said fund, in which event the Trustee shall transfer such portion to the Corporate Operation Fund. Moneys in the Reserve Fund may also be used and withdrawn, upon the Written Request of the Corporation, to pay, together with insurance proceeds received or to be received by the Trustee and to make up for portions of losses not covered by insurance because of deductible amounts or replacement cost limitations on the amount of insurance obtained, for the repair, reconstruction or replacement of any damaged or destroyed portion of the Project, pursuant to the procedure set forth in Section 5.03(a), or for the loss of rental income not insured against because of the deductible amount permitted by Section 5.03(c), or to increase the balance in the Corporate Operation Fund to the amount required to be on deposit in said fund, but no such withdrawals shall reduce the Reserve Fund below one-fourth ( $\frac{1}{4}$ ) of Maximum Annual Debt Service. Except for such withdrawals, moneys in the Reserve Fund shall be used and withdrawn solely for the payment of the principal of and interest on the Bonds in the event that no other funds are available therefor, or for the retirement or redemption of all of the Bonds then outstanding, or to reimburse the District for any rental theretofore paid by the District under any Facility Lease for a period of time during which the payment of rental under such Facility Lease is abated and for which no other moneys (including proceeds of the rental interruption or use and occupancy insurance required by Section 5.03(c)) are available.

SECTION 4.03. *Corporate Operation Fund.* The Trustee shall establish, and maintain and hold in trust so long as any of the Bonds are outstanding, a special fund designated as the "Corporate Operation Fund." The Trustee shall deposit in the Corporate Operation Fund (the initial payment into which is provided for in Section 3.02) all amounts received from the District as Additional Rental under the Facility Leases. The moneys in the Corporate Operation Fund shall be disbursed by the Trustee upon the Written Request of the Corporation for the payment of administrative costs of the

Corporation, including salaries, wages, all expenses, compensation and indemnification of the Trustee payable by the Corporation under this Indenture, fees of auditors, accountants, attorneys or engineers, insurance premiums and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its corporate existence or to comply with the terms of the Bonds or of this Indenture. The Trustee shall, from time to time and as often as necessary to replenish and maintain a balance of ten thousand dollars (\$10,000) in said Fund, give notice to the District of such Additional Rental required to be paid pursuant to the Facility Leases.

SECTION 4.04. *Investment of Moneys in Special Funds.* Any moneys in any of the funds to be established by the Trustee pursuant to Sections 3.02, 4.01, 4.02 and 4.03 may be invested (and, upon the Written Request of the Corporation, shall be invested) by the Trustee in time deposits (including certificates of deposit) of banks (including the Trustee) or savings and loan associations or in Federal Securities (subject in each case to the limitations as to maturities hereinafter in this Section set forth), but any moneys invested in time deposits (including certificates of deposit) of banks or savings and loan associations shall be secured at all times by collateral security, of a market value of no less than the amount of such moneys so invested, of such types and in such manner as is required by law to secure deposits of funds of the District.

Moneys in the Interest Fund and in the Principal Fund may be invested in obligations which will, as nearly as practicable, mature on or before the respective semiannual interest payment dates or annual Bond maturity, or Term Bond redemption, dates on which such moneys will be needed for the payment of interest or the retirement of Bonds. Moneys in the Construction Fund and the Corporate Operation Fund may be invested in obligations which will mature within one year from the date of investment. One-half of the moneys in the Reserve Fund may be invested in obligations which will mature within five years from the date of investment, and one-half in obligations which will mature within ten years from the date of investment. Moneys in the Revenue Fund and in the Operation and Maintenance Fund may be invested in obligations



which will mature on or before the dates when such moneys are scheduled to be needed for payment from such fund.

Any interest, profit or loss on such investments shall be credited or charged to the respective funds from which such investments are made, except that any interest or profit on investments of Interest Fund moneys and of Reserve Fund moneys attributable to each phase of the Project received during the period of construction of such phase of the Project shall be credited to the Project Construction Account established for such phase of the Project. The Trustee may sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss resulting from such investment.

SECTION 4.05. *Fund Accounting.* For accounting purposes the Trustee may treat each of the funds herein created as accounts and not as separate entities.

## ARTICLE V

### COVENANTS OF THE CORPORATION

SECTION 5.01. *Construction of Project Phase I.* The Corporation will forthwith construct Project Phase I in conformity with the plans and specifications prepared by the Architects (subject to any changes approved in accordance with Section 3.07), and in conformity with the Facility Lease (Project Phase I) and with law and all requirements of all governmental authorities having jurisdiction thereover, and it will complete such construction with all expedition practicable.

SECTION 5.02. *Leasehold Estate.* The Corporation is, at the date of the execution and delivery of this Indenture, the owner and lawfully possessed of the leasehold estate described in paragraph 1 of the granting clauses hereof. The Site Lease (Project Phase I) is at the date of the execution and delivery of this Indenture a valid subsisting demise for the term therein set forth of the property which it purports to demise. At the time of executing the Site Lease (Project Phase I) the lessor therein named was the owner in fee simple of the premises described therein, and the Site Lease (Proj-

ect Phase I) was lawfully made by said lessor. The covenants contained in the Site Lease (Project Phase I) on the part of the lessor therein named are valid and binding, and this Indenture is executed in conformity therewith. At the time of the delivery of this Indenture there is no interest or estate in said premises subordinate to the fee simple estate therein which is superior or prior to said leasehold estate hereby transferred in trust and conveyed, other than easements, rights of way, exceptions or conditions in deeds of record which do not impair or materially interfere with the use of the demised premises for the purposes of the Project; the Corporation has good right, full power and lawful authority to grant, bargain, sell, warrant, convey, confirm, assign, transfer in trust, transfer a security interest in, pledge and set over the trust estate, including, among other things, said leasehold estate, in the manner and form herein provided; and the Corporation will forever warrant and defend the title to the same to the Trustee against the claims of all persons whomsoever. The Corporation further covenants that the Facility Lease (Project Phase I) has been duly and regularly executed and transferred and assigned in trust to the Trustee.

Without the written consent of the Trustee, the Corporation will not alter, modify or cancel, or agree or consent to alter, modify or cancel, any Site Lease or any Facility Lease; but, with the written consent of the Trustee, the Corporation may consent to alterations or modifications thereof. The Trustee shall give such written consent only (i) if, in the opinion of the Trustee, such alterations or modifications will not result in any material impairment of the trust estate or of the security hereby given or intended to be given for the payment of the Bonds, or (ii) if the Trustee first obtains the written consent of the holders of at least sixty per cent (60%) in principal amount of the Bonds then outstanding to such alterations or modifications.

Without allowance for any days of grace which may or might exist or be allowed by law or granted pursuant to any terms or conditions of any Site Lease, the Corporation will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Site Leases to be kept, performed and complied with by it. The Corporation will

not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for declaring a forfeiture of any Site Lease, or would or might be a ground for cancellation or termination of any Facility Lease by the lessee thereunder. The Corporation will promptly deposit with the Trustee (to be held by the Trustee until the title and rights of the Trustee under this Indenture shall be released or reconveyed) any and all documentary evidence received by it showing compliance with the provisions of the Site Leases to be performed by the Corporation. The Corporation, immediately upon its receiving or giving any notice, communication or other document in any way relating to or affecting any Site Lease, or the leasehold estate thereby created, which may or can in any manner affect the estate of the lessor or of the Corporation in or under such Site Lease, or any portion of the trust estate, will deliver the same, or a copy thereof, to the Trustee.

The Corporation will pay or cause to be paid all taxes, assessments and other charges, if any, that may be levied, assessed or charged upon the trust estate, or any part thereof, promptly as and when the same shall become due and payable; and the Corporation will, upon request of the Trustee, from time to time keep the Trustee advised of such payments, and deliver such evidence thereof as the Trustee may reasonably require. The Corporation will not suffer said leasehold estate hereby conveyed and transferred in trust, or any part thereof, to be sold for any taxes, assessments or other charges whatsoever, or to be forfeited therefor; nor do or permit to be done, in, upon or about said leasehold estate, or any part thereof, anything that might in anywise weaken, diminish or impair the security intended to be given by this Indenture.

SECTION 5.03. *Insurance.* (a) The Corporation shall maintain or cause to be maintained, at all times while any of the Bonds are outstanding, fire, lightning and extended coverage insurance, including vandalism and malicious mischief insurance, sprinkler system leakage insurance and boiler explosion insurance, and, following completion of construction of the Project, earthquake insurance (but only if such insurance is available at reasonable cost on the open



market from reputable insurance companies), either separately or as a part of comprehensive insurance carried by the District under a Facility Lease or as a part of insurance carried by a contractor under a construction contract referred to in Section 3.07 or in the corresponding section of any supplemental indenture, on all structures constituting any part of the Project, in an amount equal to one hundred per cent of the replacement cost of such structures (except that such earthquake insurance may be subject to a deductible clause of not to exceed ten per cent of such replacement cost for any one loss and except that such other insurance may be subject to deductible clauses for any one loss of not to exceed the lesser of one hundred thousand dollars (\$100,000) or the amount in the Reserve Fund in excess of one-fourth ( $\frac{1}{4}$ ) of Maximum Annual Debt Service and not needed to pay losses uninsured against by reason of any deductible clauses permitted by Section 5.03(c)) or, in the alternative, in an amount and in a form sufficient (together with moneys in the Reserve Fund and available for the purpose), in the event of total or partial loss, to enable the Corporation either to retire all Bonds then outstanding or to restore such structures to the condition existing before such loss. Said extended coverage endorsement shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such endorsement. Each such policy of insurance shall be in form satisfactory to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

In the event of any damage to or destruction of any part of the Project, caused by the perils covered by such insurance, the Corporation, except as hereinafter provided, shall cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Project, and the Trustee shall hold said proceeds separate and apart from all other funds, to the end that such proceeds shall be applied to the repair, reconstruction or replacement of the Project to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee shall permit withdrawals



of said proceeds from time to time upon receiving the Written Request of the Corporation, stating that the Corporation has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred, in such reasonable detail as the Trustee may in its discretion require. Any balance of said proceeds not required for such repair, reconstruction or replacement shall be treated by the Trustee as Revenues and applied in the manner provided by Section 4.02. Alternatively, the Corporation, at its option, with the written consent of the District and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of outstanding Bonds of the series whose proceeds were used to construct such structure, equal to the amount of outstanding Bonds of such series attributable to such structure (determined by reference to the proportion which the construction cost of such structure bears to the construction cost of all structures comprising the phase of the Project of which said structure is a part), may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Project and thereupon shall cause said proceeds to be used for the redemption of outstanding Bonds of such series pursuant to the provisions of Section 2.03 and Article VIII.

(b) (1) Except as provided in subparagraph (2) of this paragraph (b), the Corporation shall maintain or cause to be maintained, at all times while any of the Bonds are outstanding, public liability insurance, with limits of not less than one million dollars (\$1,000,000) for one person and three million dollars (\$3,000,000) for more than one person involved in one accident, to protect the Corporation and its members, directors, officers, agents and employees and the Trustee from all direct or contingent loss or liability for damages for bodily injury or death occasioned by reason of the Corporation's operations, including any use or occupancy of the Project. The Corporation shall also maintain or cause to be maintained, so long as any of the Bonds are outstanding, insurance against liability for property damage resulting from any casualty attributable to the

Corporation's operations, in an amount not less than two hundred thousand dollars (\$200,000) for each accident, except that such property damage insurance may be subject to a deductible clause of not to exceed five thousand dollars (\$5,000) for any one accident. Such public liability insurance and such property damage insurance may, however, be in the form of a single limit policy in the amount of three million dollars (\$3,000,000) covering all such risks.

(2) The Corporation shall have the right, exercisable from time to time, to provide other kinds of insurance or methods or plans of protection against risk or loss which shall be in substitution, or partial substitution, for any of the kinds of insurance required to be maintained by the Corporation under subparagraph (1) of this paragraph (b), providing such other kinds of insurance, plans or methods shall afford reasonable protection to the Corporation, its members, directors, officers, agents and employees and the Trustee in light of all circumstances, giving consideration to cost, availability and plans or methods of protection adopted by California school districts other than the District. Before another method or plan may be provided by the Corporation, there shall be filed with the Trustee a certificate of an actuary, or other qualified person, stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of this Section and, when effective, would afford adequate protection to the Corporation, its members, directors, officers, agents and employees and the Trustee against loss and damage from hazards and risks covered thereby. There shall also be filed a Certificate of the Corporation setting forth the details of such substitute method or plan.

(c) The Corporation shall maintain or cause to be maintained, at all times while any of the Bonds are outstanding, rental interruption or use and occupancy insurance on each structure constituting any part of the Project, in an amount not less than the portion of the total rent payable by the District under the Facility Leases attributable to such structure, for a period of at least the time allowed for construction of such structure plus three months, insuring against loss of use caused by the perils covered by the insurance required by Section 5.03(a), except that such insurance may be subject to a deductible clause of not to exceed the lesser of the

aggregate total rental payable during the first thirty days of any loss or the amount in the Reserve Fund in excess of one-fourth ( $\frac{1}{4}$ ) of Maximum Annual Debt Service and not needed to pay losses uninsured against by reason of any deductible clauses permitted by Section 5.03(a) and except that such insurance need be maintained as to the peril of earthquake only following completion of construction of each structure and only if such insurance is available at reasonable cost on the open market from reputable insurance companies. Any such insurance policy shall be in form satisfactory to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee, as its interest may appear. Any proceeds of such insurance shall be used by the Trustee to reimburse to the District any rental theretofore paid by the District under the Facility Lease attributable to such structure for a period of time during which the payment of rental under such Facility Lease is abated, and any proceeds of such insurance not so used shall be treated as Revenues and applied as provided in Section 4.02 (to the extent required to pay Debt Service on the Bonds) and in Section 4.03 (to the extent required for the payment of costs payable from the Corporate Operation Fund).

(d) The Corporation will also provide at its own expense, upon the execution of this Indenture, a title insurance policy with endorsement so as to be payable to the Trustee for the use and benefit of the trust estate. Such policy shall be in form satisfactory to the Trustee and in the amount of fourteen million eight hundred thousand dollars (\$14,800,000), and shall insure either the Corporation's leasehold interest title derived from the Site Lease (Project Phase I) in the real property described in the Site Lease (Project Phase I) or the title of the District in such real property. All proceeds received by the Trustee under said policy shall be applied and disbursed by the Trustee in the same order and priority and for the same purposes as are provided in Section 9.13 relating to proceeds received in eminent domain proceedings except that the term "eminent domain proceedings" as used in Section 9.13 shall be read as "proceedings affecting the title of the Corporation."

(e) The Corporation may purchase, on all or any of the Bonds of any series, insurance assuring the Bondholders that the prin-

cipal of and interest on the insured Bonds will be paid when due and payable. The purchase of any such insurance shall not constitute a preference or priority of the insured Bonds over any Bonds not so insured, and all Bonds outstanding, irrespective of the providing of such insurance on some of the Bonds, shall be equally and proportionately secured hereby.

(f) The Corporation shall deliver to the Trustee in the month of July in each year a schedule, in such detail as the Trustee in its discretion may request, setting forth the insurance policies then in force pursuant to this Section, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby. Each such insurance policy shall require that the Trustee shall be given thirty days' notice of any intended cancellation thereof or reduction of the coverage provided thereby. Delivery to the Trustee of the insurance policies under the provisions of this Section shall not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of said policies. If so requested in writing by the Trustee, the Corporation shall also deliver to the Trustee duplicate originals or certified copies of each insurance policy described in such schedule.

SECTION 5.04. *Miscellaneous Covenants.* The Corporation covenants that, so long as any of the Bonds remain outstanding—

(a) the Corporation will not create any subsidiary corporation or acquire or own any capital stock of any corporation;

(b) the Corporation will not issue any additional series of Bonds or Additional Bonds or obligations payable from Revenues or having a lien on the trust estate having priority over, or on a parity with, the Bonds, except as expressly permitted so to do by Sections 3.04, 3.05 and 3.06;

(c) the Corporation will not merge or consolidate with any other corporation; and

(d) the Corporation will not assume or guarantee, or otherwise obligate itself for or become liable for the payment of, or contingently agree to purchase, any debt of any person other than the Corporation.



SECTION 5.05. *District Budgets.* The Corporation shall supply to the Trustee, as soon as practicable after the beginning of each fiscal year of the District, a certificate stating that the District has made adequate provision in its proposed annual budget for the payment of rentals due under the Facility Leases in the fiscal year covered by such budget. The certificate given by the Corporation to the Trustee shall state that the amounts so budgeted are fully adequate for the payment of all rentals due under the Facility Leases in the then ensuing fiscal year. If in the opinion of the Trustee the amounts so budgeted are not adequate for the payment of rentals due under the Facility Leases, the Corporation will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District in the then ensuing fiscal year for the payment of rentals due under the Facility Leases and will notify the Trustee of such actions then taken or proposed to be taken by the Corporation. The Corporation will keep the Trustee advised of all such actions thereafter taken by the Corporation.

SECTION 5.06. *Sale of Personal Property.* The Corporation shall not sell or exchange or permit the sale or exchange of any personal property which may at any time constitute a part of the trust estate except as hereinafter provided. The Trustee, in its discretion, may permit the Corporation to sell or exchange any personal property which may at any time constitute a part of the trust estate, and to release said personal property from the lien of this Indenture, if (a) in the opinion of the Corporation the property so sold or exchanged is no longer required or useful in connection with the operation of the Project; (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released; and (c) if the value of any such property shall, in the opinion of the Trustee, exceed the amount of fifty thousand dollars (\$50,000), the Trustee shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Trustee) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the trust estate. In determining the value of the prop-

erty to be released and any property received in exchange which shall become subject to the lien of this Indenture, the Trustee may conclusively rely on certificates furnished by such an engineer or other consultant, and shall not be obligated to make any independent investigation with reference to the value of the property to be released and the property to be received in exchange therefor.

In the event of any such sale, the full amount of the money consideration received for the property so sold and released shall be paid to the Trustee. Any money so paid to the Trustee shall, so long as the Corporation is not in default under any of the provisions of this Indenture, be paid by the Trustee to the Corporation, upon its Written Request, to purchase property, which property shall become subject to the lien of this Indenture. Any money so paid to the Trustee, and not so paid to the Corporation within one year, shall be treated as Revenues and held and disbursed as provided in Section 4.02. The Trustee, before permitting any sale or exchange of personal property subject to the lien of this Indenture and executing a release thereof, shall be furnished with a Written Request of the Corporation approving said sale or exchange, and such certificates of value, conveyance and Opinions of Counsel as the Trustee may require. The Trustee shall in no event be liable for any mistake of fact or error in judgment in permitting any such sale or exchange of personal property and releasing any of the property so sold or exchanged from the lien of this Indenture.

SECTION 5.07. *Paying Agents.* The Corporation, with the written approval of the Trustee, shall appoint and at all times have a Paying Agent in the Borough of Manhattan, City of New York, State of New York, and a Paying Agent in the City of Chicago, County of Cook, State of Illinois, for the payment of the principal of, and the interest (and premium, if any) on, the coupon Bonds. It shall be the duty of the Trustee to make such credit arrangements with such Paying Agents as may be necessary to assure, to the extent of the moneys held by the Trustee for such payment, the prompt payment of the principal of, and interest (and premium, if any) on, the coupon Bonds presented at such place of payment. The Paying Agents initially appointed hereunder and hereby approved by the Trustee are the principal office of Bankers Trust Com-

pany, in New York, New York, and the office of Harris Trust and Savings Bank, in Chicago, Illinois.

SECTION 5.08. *Arbitrage Bond Covenant.* The Corporation covenants that no use of the proceeds of the Bonds will be made which will cause the Bonds to be “arbitrage bonds” subject to federal income taxation by reason of Section 103(c) of the Internal Revenue Code of 1954. To that end, so long as any of the Bonds are outstanding, the Corporation and the Trustee, with respect to the proceeds of the Bonds, will comply with all requirements of said Section 103(c) and all regulations of the United States Department of the Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect.

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## ARTICLE VI

## ADDITIONAL DEFINITIONS

SECTION 6.01. *Additional Definitions.* Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

**Authorized Officer, Responsible Officer**

The terms “authorized officer” and “responsible officer” of the Trustee shall mean and include the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, every trust officer, and every officer and assistant officer of the Trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

**Certificate of the Corporation**

The term “Certificate of the Corporation” shall mean a certificate signed by the President or a Vice President of the Corporation and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation. If and to the extent required by the provisions of Section 6.02, each Certificate of the Corporation shall include the statements provided for in Section 6.02.

**Certified Resolution**

The term “Certified Resolution” shall mean a copy of a resolution of the Board of Directors of the Corporation certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted by said Board and to be in full force and effect on the date of such certification.

**Event of Default**

The term “event of default” shall have the meaning specified in Section 10.01.

**Federal Securities**

The term "Federal Securities" shall mean obligations of the United States of America and those for which the faith and credit of the United States of America are pledged for the payment of principal and interest; bonds, consolidated bonds, collateral trust debentures, or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under said act; bonds, debentures, participation certificates and other obligations of the Government National Mortgage Association or the Federal National Mortgage Association established under the National Housing Act, as amended; and, also, any securities now or hereafter authorized, both the principal of and interest on which are guaranteed directly or indirectly by the full faith and credit of the United States of America.

**Holder, Bondholder**

The term "holder" or "Bondholder," whenever employed herein with respect to a Bond which shall be registered, shall mean the person in whose name such Bond shall be registered, and, whenever employed herein with respect to a coupon Bond or a coupon, shall mean the bearer of such Bond or coupon.

**Indenture**

The term "Indenture" shall mean this Indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

**Opinion of Counsel**

The term "Opinion of Counsel" shall mean a written opinion of counsel (who may be counsel for the Corporation) appointed by the Corporation and acceptable to the Trustee. If and to the extent

required by the provisions of Section 6.02, each Opinion of Counsel shall include the statements provided for in Section 6.02.

### **Outstanding**

The term “outstanding,” when used as of any particular time with reference to Bonds, shall (subject to the provisions of Section 14.06 (d)) mean all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except—

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which funds in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article VIII provided or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Bonds in lieu of, or in substitution for, which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 7.07.

### **Paying Agents**

The term “Paying Agents” shall mean any paying agents of the Corporation appointed pursuant to Section 5.07, the successors and assigns of each of them, and any other corporations or associations which may at any time be substituted in the place of any of them, as provided in Section 5.07.

### **Person**

The term “person” shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

### **Revenues**

The term “Revenues” shall mean all rentals received by the Corporation pursuant to the Facility Leases, and all other revenues, proceeds, charges, income, rents, receipts, profits and benefits derived by the Corporation from the ownership, use or operation of the trust estate (including interest or profits from the investment of moneys in any fund pursuant to Section 4.04).

### **Supplemental Indenture**

The term “supplemental indenture” or “indenture supplemental hereto” shall mean any indenture hereafter duly authorized and entered into between the Corporation and the Trustee in accordance with the provisions of this Indenture.

### **Trust Estate**

The term “trust estate” shall mean all of the property described in the granting clauses of this Indenture.

### **Written Consent of the Corporation, Written Order of the Corporation, Written Request of the Corporation, Written Requisition of the Corporation**

The terms “Written Consent of the Corporation,” “Written Order of the Corporation,” “Written Request of the Corporation” and “Written Requisition of the Corporation” shall mean, respectively, a written consent, order, request or requisition signed by or on behalf of the Corporation by its President or a Vice President and by its Treasurer or an Assistant Treasurer or its Secretary or an Assistant Secretary or by any two persons (whether or not officers of the Corporation) who are specifically authorized by resolution of the Board of Directors of the Corporation to sign or execute such a document on its behalf.

SECTION 6.02. *Content of Certificates and Opinions.* Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.



Any such certificate or opinion made or given by an officer of the Corporation may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Corporation, upon the certificate or opinion of or representations by an officer or officers of the Corporation, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous.

## ARTICLE VII

### PROVISIONS CONCERNING THE BONDS

SECTION 7.01. *Execution of Bonds.* The Bonds shall be executed on behalf of the Corporation in its corporate name with the manual or facsimile signature of its President or a Vice President, under its corporate seal attested by the manual or facsimile signature of its Secretary or an Assistant Secretary. Such seal may be in the form of a facsimile of the Corporation's seal and may be imprinted or impressed upon the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Corporation before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Corporation, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Corporation as though those who signed and attested the same had continued to be such officers of the Corporation, and also any Bond may be signed and attested on behalf of the Corporation by such persons as at the actual date of the execution of such Bond shall be the proper officers of the Corporation although at the nominal date

of such Bond any such person shall not have been such officer of the Corporation.

Only such of the Bonds as shall bear thereon a certificate of authentication in the form hereinbefore recited, executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

The coupons to be annexed to the Bonds shall bear the facsimile signature of the present Treasurer of the Corporation or the facsimile signature of any future Treasurer thereof, and the Corporation may use for that purpose the facsimile signature of any person who shall have been such Treasurer, notwithstanding the fact that he may have ceased to be such at the time when any of the Bonds shall be authenticated, delivered or issued.

The Trustee shall, prior to the authentication and delivery by it of each coupon Bond, detach and cancel all coupons thereto appertaining then matured and shall deliver the same to or upon the order of the Corporation.

SECTION 7.02. *Transfer of Coupon Bonds.* All coupon Bonds shall be negotiable and transferable by delivery. The Corporation, the Trustee and any Paying Agent may treat the bearer of any coupon Bond, whether or not such Bond shall be overdue, and the bearer of any coupon, whether or not such coupon shall be overdue, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Corporation, the Trustee and any Paying Agent shall not be affected by any notice to the contrary.

SECTION 7.03. *Transfer of Fully Registered Bonds.* Any fully registered Bond without coupons may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 7.05, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such fully registered Bond for cancellation, accompanied by

delivery of a written instrument of transfer in a form approved by the Trustee, duly executed.

Whenever any Bond shall be issued under this Indenture as a fully registered Bond without coupons, there shall be reserved by the Trustee unissued an aggregate principal amount of coupon Bonds, of the same series and maturity and of the denomination of five thousand dollars (\$5,000), equal to the principal amount of such registered Bond, and in such case the serial number or numbers of the coupon Bond or Bonds so reserved, together with an appropriate statement as to such reservation, shall be endorsed on such registered Bond.

Whenever any fully registered Bond or Bonds without coupons shall be surrendered for transfer, the Corporation shall execute and the Trustee shall authenticate and deliver a new fully registered Bond or Bonds of the same series and maturity, for like aggregate principal amount, which shall have endorsed thereon the same coupon Bond serial number or numbers so reserved. The Corporation may charge a sum not exceeding five dollars (\$5.00) for each new fully registered Bond issued upon any transfer except that no charge shall be made to any registered owner of Bonds initially delivered in fully registered form for transferring such Bonds. The exception set forth in the foregoing sentence shall not apply to later transfers when the Bonds presented for transfer are not those initially delivered, but have been delivered in a previous exchange or transfer. The Trustee shall also require the payment by any Bondholder requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of fully registered Bonds shall be required to be made during the fifteen days next preceding each interest payment date.

SECTION 7.04. *Exchange of Bonds.* Fully registered Bonds without coupons may be exchanged at the Designated Office of the Trustee for a like aggregate principal amount of coupon Bonds (or for a like aggregate principal amount of fully registered Bonds of other authorized denominations) of the same series and maturity, and coupon Bonds may be exchanged at said office of the Trustee

for a like aggregate principal amount of fully registered Bonds of authorized denominations of the same series and maturity. All coupon Bonds surrendered for exchange and delivered in exchange shall have attached thereto all unmatured coupons appertaining thereto (together with any matured coupons in default appertaining thereto). The Trustee shall preserve coupon Bonds surrendered to it for exchange, and may subsequently reissue said coupon Bonds in exchange for a like aggregate principal amount of fully registered Bonds, as hereinabove provided, after detaching all matured interest coupons appertaining thereto. The Corporation may charge a sum not exceeding five dollars (\$5.00) for each new Bond issued upon any exchange except in the case of any exchange of temporary Bonds for definitive Bonds and except as hereinafter provided. No charge shall be made to any holder of Bonds initially delivered in coupon form for exchanging such Bonds in coupon form for Bonds in fully registered form, and no charge shall be made to any registered owner of Bonds initially delivered in fully registered form for exchanging such Bonds in fully registered form for Bonds in coupon form or Bonds in fully registered form of other authorized denominations. The foregoing sentence shall not apply to later exchanges when the Bonds presented for exchange are not those initially delivered, but have been delivered in a previous exchange or transfer. The Trustee shall also require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of Bonds shall be required to be made during the fifteen days next preceding each interest payment date.

SECTION 7.05. *Bond Register.* The Trustee will keep or cause to be kept, at the Designated Office of the Trustee, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the Corporation; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as hereinbefore provided.

SECTION 7.06. *Temporary Bonds.* The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be



determined by the Corporation, shall be without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Corporation and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Corporation issues temporary Bonds it will execute and furnish definitive Bonds without delay upon the request of the purchaser of said Bonds, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Designated Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive coupon Bonds or definitive fully registered Bonds of authorized denominations, of the same series and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 7.07. *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond shall become mutilated, the Corporation, at the expense of the owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the mutilated Bond) in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated together with any unpaid coupons thereto appertaining. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the Corporation. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Corporation and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to them shall be given, the Corporation, at the expense of the owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and number (having annexed appropriate coupons corresponding to those, if any, annexed to the lost, destroyed or stolen Bond) in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Corporation may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under

this Section and of the expenses which may be incurred by the Corporation and the Trustee in the premises. Any Bond or coupon issued under the provisions of this Section in lieu of any Bond or coupon alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Corporation whether or not the Bond or coupon so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds and coupons secured by this Indenture.

## ARTICLE VIII

### PROVISIONS REGARDING REDEMPTION OF BONDS

SECTION 8.01. *Selection of Bonds for Redemption.* Whenever less than all of the Bonds of any one maturity of any series are called for redemption and such Bonds are redeemable by lot and not in inverse numerical order, the Trustee shall select the Bonds of such maturity to be redeemed, from the outstanding Bonds of such maturity, by lot in any manner which the Trustee deems fair. The Trustee shall promptly notify the Corporation in writing of the numbers of the Bonds so selected for redemption.

SECTION 8.02. *Notice of Redemption.* Notice of redemption (except as provided below) shall be given by publication at least once prior to the redemption date in a Financial Newspaper or Journal, such publication to be not less than thirty nor more than sixty days before such redemption date. Each notice of redemption shall state the redemption date and the place or places of redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual numbers of each Bond or by stating that all Bonds between two stated numbers, both inclusive, have been called for redemption, and shall require that such Bonds be then surrendered with, in the case of coupon Bonds, all interest coupons maturing subsequent to the said redemption date for redemption, and shall also state that the interest on the Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said Bonds the principal amount thereof

to be redeemed, interest accrued thereon to the redemption date and the premium thereon (such premium to be specified). If any of the coupon Bond serial numbers so chosen shall be the serial numbers of coupon Bonds then reserved against outstanding registered Bonds, such notice shall specify the respective serial numbers of such reserved coupon Bonds, and if the serial numbers of all the coupon Bonds reserved against any particular registered Bond shall not have been chosen so that less than the whole of the principal of such registered Bond shall be redeemable, the said notice shall also state that such registered Bond is to be redeemed in part and that upon the presentation of such registered Bond for redemption there will be issued in lieu of the unredeemed portion of the principal thereof a new registered Bond or Bonds of the same character, series, interest rate and maturity of an aggregate principal amount equal to such unredeemed portion.

A similar notice shall also be mailed to the original purchaser of the Bonds, or, if the original purchaser is a syndicate, to the managing member of such syndicate, and to the respective registered owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books at least thirty days but not more than sixty days prior to the redemption date, which notice shall, in addition to setting forth the above information, set forth, in the case of each registered Bond called only in part, the portion of the principal thereof which is to be redeemed; provided that neither failure to mail such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

In case of the redemption as herein permitted of all of the Bonds then outstanding, or of all of the Bonds of any series or of any maturity of any series, notice of redemption shall be given by publication and mailing in the same manner as for partial redemption of Bonds, except that the notice of redemption need not specify the serial numbers of the Bonds to be redeemed. If at the time of giving notice of redemption no Bonds subject to redemption are outstanding except registered Bonds, publication of such notice shall be deemed to have been waived if such notice shall have been mailed to each registered owner of such Bonds at his

address as it appears on the registration books or at such address as he may have filed with the Trustee for that purpose.

Notice of redemption of Bonds shall be given by the Corporation or, at the request of the Corporation, by the Trustee for and on behalf of the Corporation.

SECTION 8.03. *Effect of Redemption.* Notice of redemption having been duly given as aforesaid, and moneys for payment of the principal amount of the Bonds to be redeemed, the redemption premium, if any, thereon, and interest due and unpaid to and including the redemption date thereon being held by the Trustee, the Bonds so called for redemption shall, on the redemption date designated in such notice, become due and payable at the redemption price specified in such notice, interest on the Bonds so called for redemption shall cease to accrue, the coupons for interest thereon maturing subsequent to the redemption date shall be void, said Bonds shall cease to be entitled to any lien, benefit or security under this Indenture, and the holders of said Bonds shall have no rights in respect thereof except to receive payment of the principal amount thereof, redemption premium, if any, thereon, and accrued interest thereon to said redemption date.

All unpaid interest installments represented by coupons which shall have matured on or prior to the date of redemption designated in such notice shall continue to be payable to the bearers severally and respectively upon the presentation and surrender of such coupons.

All unpaid interest installments for interest which shall have become due and payable on or prior to such date of redemption on registered Bonds so called for redemption shall be paid to the registered owner thereof as provided in Section 2.02.

All Bonds redeemed pursuant to the provisions of this Article and the appurtenant coupons, if any, shall be cancelled upon surrender thereof and delivered to the Corporation.

SECTION 8.04. *Rescission of Notice of Redemption.* The Corporation may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption.



## ARTICLE IX

## ADDITIONAL COVENANTS OF THE CORPORATION

SECTION 9.01. *Payment of Principal and Interest.* The Corporation will punctually pay the principal and the interest (and premium, if any) to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds and in the coupons thereto appertaining, according to the true intent and meaning thereof. When and as paid in full, all Bonds and all coupons appurtenant thereto, if any, shall be delivered to the Trustee, shall forthwith be cancelled and shall thereafter be redelivered to, or upon the order of, the Corporation, subject to the provisions of Section 14.04.

SECTION 9.02. *Extension or Funding of Interest Coupons.* In order to prevent any accumulation of coupons after maturity, the Corporation will not, directly or indirectly, extend or assent to the extension of the time for the payment of any coupon or any claim for interest on any of the Bonds, and will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding such coupons or claims or in any other manner. In case any such coupon or claim for interest shall be extended or funded, whether or not with the consent of the Corporation, such coupon or claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then outstanding and of all coupons and claims for interest which shall not have been so extended or funded.

SECTION 9.03. *Maintenance of Revenues.* The Corporation will promptly collect all rents and charges due for the occupancy or use of the facilities of the Project as the same become due, and will promptly and vigorously enforce its rights against any tenant or other person who does not pay such rents or charges as they become due. The Corporation will at all times maintain and vigorously enforce all of its rights under the Facility Leases.

SECTION 9.04. *Accounting Records and Reports.* The Corporation shall keep (or cause to be kept) proper books of record and account in which complete and correct entries shall be made of all

transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books shall be available for inspection by the Trustee and by any holder of Bonds, or his agent or representative, at reasonable hours and under reasonable conditions. Not more than four months after the close of each fiscal year of the Corporation, the Corporation shall furnish, to the Trustee and to any Bondholder who may so request, a complete financial statement covering receipts, disbursements, allocation and application of Revenues for such fiscal year, and including a balance sheet, accompanied by an audit report and related opinion of an independent firm of certified public accountants to be employed by the Corporation, or, if so requested in writing by the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding, accompanied by an audit report and related opinion of an independent firm of certified public accountants of their selection.

SECTION 9.05. *Compliance with Indenture.* The Corporation will not issue, or permit to be issued, any Bonds in any manner other than in accordance with the provisions of this Indenture, and will not suffer or permit any default to occur under this Indenture, but will faithfully observe and perform all the covenants, conditions and requirements hereof.

SECTION 9.06. *Authorization for Bonds.* The Corporation is duly authorized under the laws of the State of California, and any other applicable provisions of law, to create and issue the Bonds and to execute this Indenture; all corporate action on its part required for the lawful creation and issue of the Bonds and the execution of this Indenture has been duly and effectively taken; and the Bonds, upon the issue thereof, will be valid and enforceable obligations of the Corporation in accordance with their terms.

SECTION 9.07. *Observance of Laws and Regulations.* The Corporation will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or

hereafter acquired by the Corporation, including its right to exist and carry on business as a corporation, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

SECTION 9.08. *Maintenance and Repair of Project.* The Corporation shall maintain or cause to be maintained in good condition and keep in good repair the Project and all buildings, facilities and equipment now or hereafter constituting any part of the trust estate, shall maintain the Project as a fully equipped and operational facility, and shall not commit or allow any waste with respect to any of the trust estate.

SECTION 9.09. *Other Liens.* The Corporation shall keep the trust estate and all parts thereof free from judgments, mechanics' and materialmen's liens (except those arising from the construction of the Project) and free from all liens, claims, demands and encumbrances of whatsoever prior nature or character, to the end that the priority of the lien of this Indenture may at all times be maintained and preserved, and free from any claim or liability which, in the judgment of the Trustee (and its determination thereof shall be final), might embarrass or hamper the Corporation in conducting its business or operating the trust estate, and the Trustee at its option (after first giving the Corporation ten days' written notice to comply therewith and failure of the Corporation to so comply within said ten-day period) may defend against any and all actions or proceedings in which the validity of this Indenture or its priority is or might be questioned, or pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against such actions or proceedings or in paying or compromising such claims or demands, the Trustee shall not in any event be deemed to have waived or released the Corporation from liability for or on account of any of its covenants and warranties contained herein, or from its liability hereunder to defend the validity and priority of this Indenture and the lien thereof and to perform such covenants and warranties.

So long as any Bonds are outstanding, the Corporation will not create or suffer to be created any mortgage, pledge, lien or charge

upon all or any part of the trust estate, the Project or the Revenues, other than the lien of this Indenture, except any mortgage, pledge, lien or charge expressly permitted by Sections 3.04, 3.05 or 3.06.

SECTION 9.10. *Compliance with Contracts.* The Corporation shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the trust estate by the Corporation, and all other contracts and agreements affecting or involving the trust estate or the business of the Corporation.

SECTION 9.11. *Prosecution and Defense of Suits.* The Corporation shall promptly, upon request of the Trustee or any Bondholder, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the trust estate or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Bondholder harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The Corporation shall defend against every suit, action or proceeding at any time brought against the Trustee or any Bondholder upon any claim arising out of the receipt, application or disbursement of any of the Revenues or involving the rights of the Trustee or any Bondholder under this Indenture; provided, that the Trustee or any Bondholder at its or his election may appear in and defend any such suit, action or proceeding. The Corporation shall indemnify and hold harmless the Trustee and the Bondholders against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Bondholders against any attorneys' fees or other expenses which any of them may incur in connection with any litigation to which any of them may become a party by reason of his ownership of Bonds. The Corporation shall promptly reimburse any Bondholder in the full amount of any attorneys' fees or other expenses which he may incur in litigation or otherwise in order to enforce his rights under this Indenture or the Bonds, provided



that such litigation shall be concluded favorably to such Bondholder's contentions therein. Notwithstanding any contrary provision hereof, this covenant shall remain in full force and effect; even though all indebtedness and obligations secured hereby may have been fully paid and satisfied and this Indenture may have been released and discharged, until the Corporation shall have been dissolved.

SECTION 9.12. *Recordation and Filing.* The Corporation shall record, register, file, renew, refile and re-record this Indenture and every indenture supplemental hereto which may hereafter be executed and all such documents, including financing statements, as may be required by law in order to maintain this Indenture at all times as a mortgage of property, all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Bondholders and the rights and security interests of the Trustee. The Corporation shall do whatever else may be necessary or be reasonably required by the Trustee in order to perfect and continue the lien of this Indenture.

SECTION 9.13. *Eminent Domain.* If all or any part of the trust estate shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the proceeds therefrom shall be deposited with the Trustee in a special fund in trust and shall be applied and disbursed by the Trustee as follows:

(a) (1) If the Trustee determines that such eminent domain proceedings have not materially affected the operation of the Project or the ability of the Corporation to meet any of its obligations hereunder, and if the Trustee determines that such proceeds are not needed for repair or rehabilitation of the Project, the Trustee shall treat such proceeds as Revenues and shall apply such proceeds as provided in Section 4.02.

(2) If the Trustee determines that such eminent domain proceedings have not materially affected the operation of the Project or the ability of the Corporation to meet any of its obligations hereunder, and if the Trustee determines that such proceeds are needed for repair or rehabilitation of the

Project, the Trustee shall pay to the Corporation, or to its order, from said proceeds such amounts as the Corporation may expend for such repair or rehabilitation, upon the filing with the Trustee of such Written Requisitions of the Corporation, certificates of architects or engineers and other documents as the Trustee may at its discretion request.

(3) In making any such determination (including the determination mentioned in the following subsection (b)) the Trustee may obtain, but shall not be required to obtain, at the expense of the Corporation, the report of an independent engineer or other independent professional consultant. Any such determination by the Trustee shall be final.

(b) If less than all of the Project shall have been taken in such eminent domain proceedings, and if the Trustee determines that such eminent domain proceedings have materially affected the operation of the Project or the ability of the Corporation to meet any of its obligations hereunder, the Trustee shall apply such proceeds to the redemption of Bonds of the series whose proceeds were used to construct or acquire the portion of the Project so taken in the manner provided in Section 2.03 and Article VIII.

(c) (1) If all of the Project shall have been taken in such eminent domain proceedings and if such proceeds, together with any other moneys then available to the Trustee for the purpose, are sufficient to provide for the payment of the entire amount of principal then due or to become due upon the Bonds, together with the interest thereon, so as to enable the Corporation to retire all of the Bonds then outstanding by redemption or by payment at maturity, the Trustee shall apply such proceeds to the payment of such interest and to such retirement.

(2) If all of the Project shall have been taken in such eminent domain proceedings and if such proceeds, together with any other moneys then available to the Trustee for the purpose, are insufficient to provide moneys for the purposes specified in paragraph (1) of this subsection (c), the Trustee shall apply such proceeds in accordance with the provisions of Section 10.14 so far as the same may be applicable.

(d) After all of the Bonds have been retired and the entire amount of principal due or to become due upon the Bonds, together with the interest thereon, have been paid in full, the Trustee shall pay the remainder of such proceeds to the Public Body and the Corporation in accordance with their respective interests.

SECTION 9.14. *Further Assurances.* Whenever and so often as requested so to do by the Trustee or any Bondholder, the Corporation will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Bondholders all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Indenture.

## ARTICLE X

### REMEDIES ON DEFAULT

SECTION 10.01. *Events of Default; Acceleration; Waiver of Default.* If one or more of the following events (herein called “events of default”) shall happen, that is to say—

(a) if default shall be made in the due and punctual payment of the principal of, or premium (if any) on, any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise;

(b) if default shall be made by the Corporation in the observance of the covenants on its part contained in Section 5.02;

(c) if default shall be made in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable;

(d) if default shall be made by the Corporation in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such default shall have continued for a period of sixty days after written notice thereof, specifying such default

and requiring the same to be remedied, shall have been given to the Corporation by the Trustee, or to the Corporation and the Trustee by the holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time outstanding;

(e) if the corporate existence of the Corporation shall terminate;

(f) if the Corporation shall (1) admit in writing its inability to pay its debts generally as they become due, (2) file a petition in bankruptcy or to take advantage of any insolvency act, (3) make an assignment for the benefit of its creditors, (4) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or (5) on a petition in bankruptcy filed against the Corporation, be adjudicated a bankrupt;

(g) if the Corporation shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any State thereof;

(h) if a court of competent jurisdiction shall enter an order, judgment or decree appointing, without the consent of the Corporation, a receiver of the Corporation, or of the whole or any substantial part of its property, or approving a petition filed against the Corporation seeking reorganization of the Corporation under the federal bankruptcy laws or any other applicable law of the United States of America or any State thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of the entry thereof; or

(i) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within sixty days from the date of assumption of such custody or control;

then and in each and every such case during the continuance of such event of default, unless the principal of all the Bonds shall have



already become due and payable, the Trustee, by notice in writing to the Corporation, may, and upon the written request of the holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds at the time outstanding, shall, declare the principal of all the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to the contrary notwithstanding.

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as herein-after provided, the Corporation shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal at the rate or rates of interest borne by the respective Bonds, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the holders of at least sixty per cent (60%) in aggregate principal amount of the Bonds then outstanding, by written notice to the Corporation and to the Trustee, may, on behalf of the holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 10.02. *Power of Trustee to Enter and Take Possession of Trust Estate.* If one or more of the events of default shall happen and be continuing, then and in each and every such case the Trustee, either personally or by its agents or attorneys, may, in its discretion, and upon the written request of the holders of not less than a majority in principal amount of the Bonds then outstanding, and upon being

indemnified to its satisfaction, forthwith shall, enter into and upon and take and hold possession of the trust estate, and may exclude the Corporation and its agents and servants and all other persons or corporations wholly therefrom and may use, manage and control the trust estate and conduct the business of the Corporation with respect thereto in such manner as in its discretion it shall deem to be to the best advantage of the holders of the Bonds.

In aid of the exercise of the power of entry conferred upon the Trustee under the foregoing provisions of this Section, the Trustee in its discretion and without notice or demand upon the Corporation, such notice and demand being hereby expressly waived, shall be entitled to the appointment of a receiver by any court of competent jurisdiction, and such receiver so appointed shall be entitled to exercise all the powers hereby conferred upon the Trustee under the provisions of this Article in the management and operation of the trust estate.

SECTION 10.03. *Rights and Duties of Trustee upon Entry.* Upon every such entry the Trustee from time to time, and at the expense of the trust estate, may maintain and restore and insure and keep insured the trust estate and make all necessary repairs, renewals, replacements, alterations, additions, betterments and improvements, as it may deem judicious. The Trustee in case of such entry shall have the right to manage the trust estate and to carry on the business of the Corporation with respect thereto and to exercise all the rights and powers of the Corporation either in the name of the Corporation or otherwise, as the Trustee shall deem best, and shall be entitled to collect, take and receive all earnings, income, rents, issues and profits of the trust estate.

After deducting the expenses of operating the trust estate and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments or reserves that may be made or set up, in the Trustee's discretion, for taxes, assessments, insurance and prior or other proper charges upon or in connection with the operation of the trust estate or any part thereof, as well as just and reasonable compensation for its own services and for the services of

counsel, agents and employees by it properly engaged and employed, and after making reimbursement to itself for advances made pursuant to the provisions of this Indenture with interest on all such advances at the rate of six per cent (6%) per annum, the Trustee shall apply moneys received by it pursuant to this Section as follows:

*First:* In case the principal of none of the Bonds shall have become due and remain unpaid, to the payment of interest in default in the order of the maturity thereof, such payments to be made ratably to the persons entitled thereto without discrimination or preference, except as specified in Section 9.02.

*Second:* In case the principal of any of the Bonds shall have become due by declaration or otherwise and remain unpaid, first to the payment of interest in default in the order of the maturity thereof, then to the payment of the principal of all Bonds then due and unpaid, with interest on the overdue principal at the rate or rates of interest borne by the respective Bonds; in each instance such payment to be made ratably to the persons entitled thereto without discrimination or preference, except as specified in Section 9.02.

Upon the payment in full of all amounts due for such principal or interest, or payable for other purposes, and if the Corporation shall not then be in default hereunder, the trust estate (except any money required to be held by the Trustee under any other Section of this Indenture) shall be returned to the possession of the Corporation, its successors or assigns, or to whosoever may be lawfully entitled thereto.

SECTION 10.04. *Institution of Legal Proceedings by Trustee.* If one or more of the events of default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the holders of not less than a majority in principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the holders of Bonds under this Indenture by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture,

or for the enforcement of any other appropriate legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder; and upon instituting such proceeding, or in order to take possession of the trust estate as hereinabove provided, the Trustee shall be entitled as of right to the appointment of a receiver of the trust estate, without notice or demand to or upon the Corporation, which notice and demand are hereby expressly waived.

SECTION 10.05. *Power of Sale.* If one or more of the events of default shall happen and be continuing, the Trustee, without entry, personally or by attorney, in its discretion may, and upon the written request of the holders of not less than a majority in principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to sell to the highest and best bidder all and singular the trust estate (except any money then held by the Trustee under any provision of this Indenture) and all rights, title, interest, claim and demand therein and thereto of the Corporation. Such sale shall be made at public auction and at such place or places in the county in which the trust estate or a portion thereof is located, and at such time or times and upon such notice as the Trustee may be advised by counsel to be consistent with the laws, if any, applicable thereto, and upon such terms as the Trustee may fix. In connection with any such sale, the Trustee, in its sole discretion, may authorize an appraisal of the trust estate to be made by such person or persons as the Trustee may select. Further, the Trustee may reject any and all bids submitted at such sale if, in the opinion of the Trustee, such bids do not represent a fair price for the trust estate, and may postpone any sale until such time as the Trustee shall determine. Any person, including the Corporation, the Trustee and any holder of Bonds, may purchase at any such sale and the Trustee may make a credit bid at any such sale on behalf of the holders of the Bonds then outstanding in any amount up to but not exceeding the total indebtedness then owed under the Indenture. Notice of any sale pursuant to any provision of this Indenture shall state the time and place when and where the same is to be made, shall contain a brief general description of the property to be sold, shall briefly state the terms of the sale and



shall be given by publication or posting or both to the extent and in the manner required by law.

SECTION 10.06. *Acceleration upon Exercise of Power of Sale.* In the event of any sale of the trust estate made under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, or of any judgment or decree of foreclosure and sale, the principal of all Bonds, if not previously due, immediately shall become and be due and payable, anything in said Bonds or in this Indenture to the contrary notwithstanding.

SECTION 10.07. *Sale as Entirety or in Parcels.* Should any such sale be made pursuant to judicial proceedings, such sale shall be made either as an entirety or in such parcels as may be directed by the court, or should such sale be made by the Trustee under the power of sale hereby granted, such sale shall be made either as an entirety or in such parcels as the Trustee in its sole discretion may determine.

The Public Body shall have a first right and option, in the event of any proposed sale pursuant to judicial proceedings or by the Trustee under the power of sale herein granted, to purchase the trust estate at the price sufficient to retire and pay all indebtedness of the Corporation then outstanding and secured by this Indenture.

The Corporation, for itself and all persons and corporations hereafter claiming through or under it, or who may at any time hereafter become holders of liens junior to the lien of this Indenture, hereby expressly waives and releases all right to have the properties and rights comprised in the trust estate marshaled upon any foreclosure or other enforcement hereof, and the Trustee or any court in which the foreclosure of this Indenture or administration of the trusts hereby created is sought shall have the right as aforesaid to sell the entire property of every description comprised in or subject to the trusts created by this Indenture as a whole in a single parcel as an entirety or in such parcels.

SECTION 10.08. *Adjournments of Sale.* The Trustee from time to time may adjourn any such sale to be made by it by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication it may make

such sale at the time to which the same shall be so adjourned, but in the event of such adjournment or adjournments, sale shall be made within six months from the date of sale fixed in the advertisement, unless notice of sale on some later date shall be given again in the manner provided in Section 10.05.

SECTION 10.09. *Transfer to Purchaser at Sale.* Upon completion of any such sale or sales, the Trustee shall execute and deliver to the accepted purchaser or purchasers a good and sufficient deed or assignment of the property or properties sold, or shall execute and deliver, in conjunction with the deed or assignment of the court officer conducting such sale, a proper release of such properties. The Trustee is hereby irrevocably appointed the true and lawful attorney of the Corporation, in its name and stead to make all necessary deeds and assignments of such properties thus sold; and for that purpose the Trustee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons or corporations with like power; and the Corporation hereby ratifies and confirms all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless, the Corporation, if so requested by the Trustee, shall execute and deliver to the purchaser or purchasers such deeds, assignments, transfers and releases as may be designated in such request.

In the event of a sale of said trust estate, or any part thereof, and the execution of a deed or assignment thereof under these trusts, the recital therein of default, publication of notice of sale, demand that such sale be made, postponement of sale, terms of sale, sale, purchaser, payment of purchase money and any other fact affecting the regularity or validity of such sale shall be effectual and conclusive proof of the facts recited therein as against the Corporation, its successors and assigns, and all other persons.

SECTION 10.10. *Sale a Bar Against Corporation.* Any such sale shall divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Corporation, its successors and assigns of, in and to the property and premises sold, and shall be a perpetual bar, both at law and in equity, against the Corporation, its successors and assigns, and against any and all persons claiming

or who may claim the property sold or any part thereof, from, through or under the Corporation, its successors or assigns.

SECTION 10.11. *Purchaser Not Liable for Application of Purchase Money.* The receipt of the Trustee or of the court officer conducting such sale shall be a sufficient discharge for the purchase money of any purchaser of the property or any part thereof, sold as aforesaid, and no purchaser or representatives, grantees or assigns of any purchaser, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture, or in any manner whatsoever be answerable for any loss, misapplication or non-application of such purchase money or any part thereof or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 10.12. *Application of Bonds to Purchase Price.* In case of any such sale, for the purpose of making settlement or payment for the property purchased, the purchaser shall be entitled to turn in or apply toward the payment of the purchase price any Bonds and any matured and unpaid coupons appertaining thereto (subject, however, to the provisions of Section 9.02) and to be credited therefor, to the extent of the value of or amount which would be payable upon such Bonds and coupons upon a distribution among the holders of Bonds and coupons of the net proceeds of such sale, after making the deductions allowable under the terms hereof for the costs and expenses of the sale and otherwise; but such Bonds and coupons so applied in payment by the purchaser shall be deemed to be paid only to the extent so applied.

SECTION 10.13. *Purchase by Trustee.* At any such sale the Trustee or any holder of Bonds may bid for and purchase such property and may make payment on account thereof as aforesaid, and upon compliance with the terms of sale may hold, retain and dispose of such property without further accountability therefor.

SECTION 10.14. *Application of Proceeds of Sale.* The purchase money, proceeds and avails of any such sale, together with any sums which may then be held by the Trustee or be payable to and received

by it under any of the provisions of this Indenture as part of the trust estate or of the proceeds thereof, shall be applied as follows:

*First:* To the payment of the costs, expenses, fees and other charges of such sale, a reasonable compensation to the Trustee, its agents and attorneys, all expenses and liabilities incurred and advances made by the Trustee in managing and maintaining the property, instituting, defending or carrying-on litigation and administering its trusts hereunder, with interest on all such advances at the rate of six per cent (6%) per annum, and all taxes, assessments, water rates or liens thereon prior to the lien of this Indenture, except any taxes, assessments, water rates or other superior liens subject to which such sale shall have been made.

*Second:* Any surplus then remaining to the payment of the whole amount owing and unpaid (for the payment of which other moneys are not then held by the Trustee) upon the principal of and interest on the Bonds, with interest on overdue principal at the rate or rates of interest borne by the respective Bonds, and in the event such proceeds shall be insufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest or of interest over principal, or of any installments of principal over any other installments of principal, or of any installments of interest over any other installments of interest, except as specified in Section 9.02.

*Third:* Any surplus then remaining to the Corporation, its successors and assigns, or to whosoever may be lawfully entitled to receive the same, upon lawful demand being made therefor.

SECTION 10.15. *Effect of Delay or Omission to Pursue Remedy.* No delay or omission of the Trustee or of any holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein; and every power and remedy given by this Article to the Trustee or to the holders of Bonds may be exercised from time to time, and as often as shall be deemed expedient. In case the Trustee shall have proceeded to



enforce any right under this Indenture by entry, foreclosure or otherwise, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reasons, or shall have been determined adversely to the Trustee, then and in every such case the Corporation and the Trustee, and the holders of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Corporation, the Trustee and the holders of the Bonds shall continue as though no such proceedings had been taken.

SECTION 10.16. *Remedies Cumulative.* No remedy herein conferred upon or reserved to the Trustee or to any holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

SECTION 10.17. *Waiver by Corporation of Benefits of Laws for Protection of Debtors.* The Corporation will not, at any time, claim, take or insist upon any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisal of the trust property, or any part thereof, prior to any sale thereof to be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after any such sale, will it claim or exercise any right, under any statute now or hereafter enacted, to redeem the property so sold, or any part thereof; and the Corporation hereby expressly waives all benefit and advantage of any such law and covenants that it will not invoke or utilize any such law in order to hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 10.18. *Covenant to Pay Bonds in Event of Default, Etc.* The Corporation covenants that, upon the happening of any event of default, the Corporation will pay to the Trustee, upon demand, for the benefit of the holders of the Bonds and coupons appertaining thereto, the whole amount then due and payable thereon (by

declaration or otherwise) for interest or for principal, or both, as the case may be, and all other sums which may be due hereunder or secured hereby (with interest on overdue principal at the rate or rates of interest borne by the respective Bonds), including reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder. In case the Corporation shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings or file a claim in any proceedings at law or in equity or in bankruptcy in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees. The Trustee shall be entitled to file claim and to recover judgment as aforesaid, either before or after or during the pendency of any trustee's sale proceedings or any proceedings for the enforcement of the lien of this Indenture upon the trust estate, and the right of the Trustee to file such a claim or to recover such judgment shall not be affected by any entry or sale, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or for the foreclosure of the lien hereof; and, in case of a sale of the trust estate, or any portion thereof, and of the application of the proceeds of sale to the payment of said indebtedness, the Trustee, in its own name and as trustee of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon the Bonds and coupons then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of said indebtedness remaining unpaid, with interest. No recovery of any judgment by the Trustee and no levy of any execution under any such judgment upon property subject to the lien of this Indenture or upon any other property shall in any manner or to any extent affect or impair the lien of this Indenture upon the trust estate or any part thereof or any rights, powers or remedies of the Trustee hereunder or any rights, powers or remedies of the holders of the Bonds, but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before. Any moneys collected by the Trustee upon any such judgment shall be applied by it in accordance with the provisions of Section 10.14 so far as the same may be applicable.

Notwithstanding the foregoing provisions of this Section, the powers hereby granted to the Trustee are strictly subject to the limitation that if by the commencement of any action at law to recover judgment for any amount due and unpaid hereunder or upon the Bonds or by the exercise of any other remedy prior to or concurrently with trustee's sale proceedings or proceedings to enforce the lien of this Indenture upon the trust estate, the security hereby provided for would, despite the foregoing provisions of this Section, be surrendered, impaired, waived or lost, the Trustee shall have no power to commence such action at law or to exercise such power or remedy; but in case any statute now in force providing in terms or effect that the commencement of an action to recover a debt secured by mortgage shall be deemed a waiver of the security thereof, or prohibiting the exercise of any other remedy prior to or concurrently with trustee's sale proceedings or proceedings to enforce the lien of a mortgage upon the premises mortgaged, or any statute which now impairs or suspends the virtue of the foregoing provisions of this Section and of which the Corporation might take advantage, despite the said provisions, shall hereafter be repealed or cease to be in force, such statute shall not be deemed to have become or to be a part of the contract contained in this Indenture.

SECTION 10.19. *Rights of Trustee in Receivership Proceedings, Etc.* In the event of any receivership, insolvency, reorganization or bankruptcy proceedings affecting the Corporation or the trust estate, the Trustee, without prejudice to or waiver of the lien and security of this Indenture or of any right conferred hereby, shall be entitled, without being the holder of any Bonds, to file and prove a claim for the entire amount then due and payable by the Corporation under this Indenture without regard to or deduction for the value of the trust estate or the security of this Indenture or for any amount which may thereafter be collected, received or realized by the Trustee from the trust estate or any part thereof, and the Trustee is hereby appointed the agent and attorney of the holders of all Bonds outstanding hereunder for such purpose.

SECTION 10.20. *Rights of Bondholders to Control Proceedings by Trustee.* The holders of a majority in aggregate principal



amount of the Bonds at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, under this Indenture. In the event that the Trustee, upon the happening of an event of default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the holders of the above-specified principal amount of Bonds then outstanding, it shall have full power, in the exercise of its discretion for the best interests of the holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an event of default hereunder, discontinue, withdraw, compromise, settle or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the holders of at least a majority in aggregate principal amount of the Bonds at the time outstanding opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 10.21. *Limitation on Bondholders' Right to Sue.* No holder of any Bond or coupon issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for the execution of any trust or power of this Indenture or for any other remedy under or upon this Indenture, unless (a) such holder shall have previously given to the Trustee written notice of the occurrence of an event of default hereunder; (b) the holders of at least twenty-five per cent (25%) in aggregate principal amount of the Bonds then outstanding shall have made written request to the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) such holder or said holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.



Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any holder of Bonds of any remedy hereunder; it being understood and intended that no one or more holders of Bonds or coupons shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds and coupons (subject to the provisions of Section 9.02).

SECTION 10.22. *Absolute Obligation of Corporation.* Nothing in Section 10.21 or in any other provision of this Indenture or in the Bonds or in the coupons contained shall affect or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of, premium, if any, and interest on the Bonds to the respective holders of the Bonds and coupons at their respective dates of maturity or upon call for redemption as herein provided and at the place in such Bonds and coupons expressed.

SECTION 10.23. *Waiver of Personal Liability of Individuals.* No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or otherwise in respect thereof or based on or in respect of this Indenture or any indenture supplemental hereto, against any incorporator, member, director or officer, as such, past, present or future, of the Corporation or of any predecessor or successor corporation, either directly or through the Corporation or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; it being expressly understood that the Bonds and the coupons and all obligations of the Corporation under this Indenture are solely corporate obligations and that all such personal liability of such incorporators, members, directors and officers is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Bonds.

## ARTICLE XI

## THE TRUSTEE

SECTION 11.01. *Duties, Immunities and Liabilities of Trustee.*  
The Trustee shall, prior to an event of default, and after the curing of all events of default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any event of default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action or its own negligent failure to act, except that—

(a) prior to such an event of default hereunder and after the curing of all events of default which may have occurred—

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture; and

(b) at all times, regardless of whether or not any event of default shall exist—

(1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or

officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

SECTION 11.02. *Right of Trustee to Rely upon Documents, Etc.*  
Except as otherwise provided in Section 11.01—

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any notice, request, direction, election, order or demand of the Corporation mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Corporation by its President or a Vice President and by its Secretary or an Assistant Secretary or its Treasurer (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors of the Corporation may be evidenced to the Trustee by a Certified Resolution;

(c) the Trustee may consult with counsel (who may be counsel for the Corporation) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel; and

(d) whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Corporation; and such Certificate of the Corporation shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

SECTION 11.03. *Trustee Not Responsible for Recitals.* The recitals contained herein and in the Bonds shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the Indenture or of the Bonds or coupons. The Trustee shall not be accountable for the use or application by the Corporation of any of the Bonds authenticated or delivered hereunder or of the proceeds of such Bonds.

SECTION 11.04. *Right of Trustee to Acquire Bonds.* Subject to the limitations of any applicable law, the Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and coupons and otherwise deal with the Corporation in the manner and to the same extent and with like effect as though it were not Trustee hereunder.

SECTION 11.05. *Moneys Received by Trustee to Be Held in Trust.* Subject to the provisions of Section 13.03, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any moneys received by it hereunder except such as it may agree with the Corporation to pay thereon.

SECTION 11.06. *Compensation and Indemnification of Trustee.* The Corporation covenants to pay to the Trustee from time to time,



and the Trustee shall be entitled to, reasonable compensation for all services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust, and the Corporation will pay or reimburse the Trustee upon its request for all expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property, other than cash, shall at any time be held by the Trustee subject to this Indenture, or any supplemental indenture, as security for the Bonds, the Trustee, if and to the extent authorized by a receivership, bankruptcy or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Indenture as such security for the Bonds, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Corporation also covenants to indemnify the Trustee for, and to hold it harmless against, any loss, liability, expense or advance incurred or made without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim of liability in the premises. The obligations of the Corporation under this Section to compensate the Trustee for services and to pay or reimburse the Trustee for expenses, disbursements, liabilities and advances shall constitute additional indebtedness hereunder. Such additional indebtedness shall have priority over the Bonds in respect of all property and funds held or collected by the Trustee as such, except funds held in trust by the Trustee for the benefit of the holders of particular Bonds or coupons.

SECTION 11.07. *Qualifications of Trustee.* There shall at all times be a trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of

America or the State of California, authorized under such laws to exercise corporate trust powers, having a place of business in the county in which the Designated Office of the Trustee is located, having a combined capital, exclusive of borrowed capital, and a surplus of at least twenty-five million dollars (\$25,000,000), and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 11.08.

SECTION 11.08. *Resignation and Removal of Trustee and Appointment of Successor Trustee.* (a) The Trustee may at any time resign by giving written notice to the Corporation and by giving to the Bondholders notice by publication of such resignation, which notice shall be published at least once in a Financial Newspaper or Journal. Upon receiving such notice of resignation, the Corporation shall promptly appoint a successor trustee by an instrument in writing executed by order of its Board of Directors. If no successor trustee shall have been so appointed and have accepted appointment within thirty days after the publication of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Bondholder who has been a bona fide holder of a Bond for at least six months may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur—

(1) the Trustee shall cease to be eligible in accordance with the provisions of Section 11.07 and shall fail to resign after

written request therefor by the Corporation or by any Bondholder who has been a bona fide holder of a Bond for at least six months, or

(2) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Corporation may remove the Trustee and appoint a successor trustee by an instrument in writing executed by order of its Board of Directors, or any such Bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of sixty per cent (60%) in aggregate principal amount of the Bonds at the time outstanding may at any time remove the Trustee and appoint a successor trustee by an instrument or concurrent instruments in writing signed by such Bondholders.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor trustee as provided in Section 11.09.

SECTION 11.09. *Acceptance of Trust by Successor Trustee.* Any successor trustee appointed as provided in Section 11.08 shall execute, acknowledge and deliver to the Corporation and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor in the trusts hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Written Request of the Corporation or the request of the successor trustee, the trustee ceasing to act shall

execute and deliver an instrument transferring to such successor trustee, upon the trusts herein expressed, all the rights, powers and trusts of the trustee so ceasing to act. Upon request of any such successor trustee, the Corporation shall execute any and all instruments in writing necessary or desirable for more fully and certainly vesting in and confirming to such successor trustee all such rights, powers and duties. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure the amounts due it as compensation, reimbursement, expenses and indemnity afforded to it by Section 11.06.

No successor trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor trustee shall be eligible under the provisions of Section 11.07.

Upon acceptance of appointment by a successor trustee as provided in this Section, the Corporation shall publish notice of the succession of such trustee to the trusts hereunder at least once in a Financial Newspaper or Journal. If the Corporation fails to publish such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be published at the expense of the Corporation.

SECTION 11.10. *Merger or Consolidation of Trustee.* Any corporation into which the Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such successor trustee shall be eligible under the provisions of Section 11.07.

SECTION 11.11. *Records of Trustee.* The Trustee shall retain all financial statements furnished to it by the Corporation pursuant to Section 9.04, so long as any of the Bonds shall be outstanding.



## ARTICLE XII

## MODIFICATION OF INDENTURE

SECTION 12.01. *Modification without Consent of Bondholders.* The Corporation, when authorized by resolution of its Board of Directors, and the Trustee, from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, for any one or more or all of the following purposes—

(a) to add to the covenants and agreements of the Corporation in this Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Corporation, provided, that no such covenant, agreement or surrender shall adversely affect the interests of the holders of the Bonds;

(b) to evidence the succession of another corporation to the Corporation, or successive successions, and the assumption by a successor corporation of the covenants and obligations of the Corporation in the Bonds and in this Indenture contained;

(c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Corporation may deem necessary or desirable and not inconsistent with this Indenture and which shall not adversely affect the interests of the holders of the Bonds;

(d) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute, and which shall not adversely affect the interests of the holders of the Bonds;

(e) to authorize the issuance of an additional series of Bonds pursuant to and in compliance with the provisions of Sections 3.04 and 3.05; or

(f) to release from the lien of the trust estate any portion of the real property then subject to the lien of this Indenture, upon the exercise of any option to purchase set forth in any Facility Lease, when the Trustee shall have received payment of the option price so required to be paid pursuant to such Facility Lease and if the Trustee determines, based upon such certificates, if any, of engineers, appraisers, counsel or other consultants that the Trustee (in its sole discretion) may require, that such release will not materially impair the trust estate or the security hereby given or intended to be given for the payment of the Bonds.

Any supplemental indenture authorized by the provisions of this Section may be executed by the Corporation and the Trustee without the consent of the holders of any of the Bonds at the time outstanding, notwithstanding any of the provisions of Section 12.02, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 12.02. *Modification with Consent of Bondholders.* With the consent (evidenced as provided in Section 14.06) of the holders of not less than sixty per cent (60%) in aggregate principal amount of the Bonds at the time outstanding, the Corporation, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture; *provided, however*, that no such supplemental indenture shall (1) extend the fixed maturities of the Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each Bond so affected, or (2) reduce the aforesaid percentage of holders of Bonds whose consent is required for the execution of any

such supplemental indenture, or permit the creation of any lien on the trust estate prior to or on a parity with the lien of this Indenture (except as expressly permitted by Sections 3.04, 3.05 or 3.06) or deprive the holders of the Bonds of the lien created by this Indenture upon the trust estate, without the consent of the holders of all of the Bonds then outstanding. Upon receipt by the Trustee of a Certified Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Bondholders, as aforesaid, the Trustee shall join with the Corporation in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Bondholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Corporation and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Corporation shall publish a notice, setting forth in general terms the substance of such supplemental indenture, at least once in a Financial Newspaper or Journal. Any failure of the Corporation to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 12.03. *Effect of Supplemental Indenture.* Upon the execution of any supplemental indenture pursuant to the provisions of this Article this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, duties and obligations under this Indenture of the Corporation, the Trustee and all holders of outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 12.04. *Opinion of Counsel as to Supplemental Indenture.* Subject to the provisions of Section 11.01, the Trustee may receive an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article complies with the requirements of this Article.

SECTION 12.05. *Notation of Modification on Bonds; Preparation of New Bonds.* Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation, in form approved by the Trustee, as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Trustee and the Board of Directors of the Corporation, to any modification of this Indenture contained in any such supplemental indenture, may be prepared by the Corporation, authenticated by the Trustee and delivered without cost to the holders of the Bonds then outstanding, upon surrender for cancellation of such Bonds with all unmatured coupons and all matured coupons not fully paid, in equal aggregate principal amounts.

## ARTICLE XIII

### DEFEASANCE

SECTION 13.01. *Discharge of Indenture.* If the Corporation shall pay and discharge the entire indebtedness on all Bonds outstanding in any one or more of the following ways—

(a) by well and truly paying or causing to be paid the principal of (including redemption premium, if any) and interest on all Bonds outstanding, as and when the same become due and payable;

(b) by depositing with the Trustee, in trust, at or before maturity, money in the necessary amount to pay or redeem all Bonds outstanding;

(c) by delivering to the Trustee, for cancellation by it, all Bonds outstanding, together with all unpaid coupons thereto belonging; and



(d) by depositing with the Trustee, in trust, Federal Securities in such amount as the Trustee shall determine will, together with the income or increment to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before their respective maturity dates;

and if the Corporation shall also pay or cause to be paid all other sums payable hereunder by the Corporation, then and in that case this Indenture shall cease, determine, and become null and void, and thereupon the Trustee shall, upon the Written Request of the Corporation, and upon receipt by the Trustee of a Certificate of the Corporation and an Opinion of Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, including the requirements of Section 13.02, forthwith execute proper instruments acknowledging satisfaction of and discharging this Indenture. The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Corporation for any expenditures which it may thereafter incur in connection herewith.

The Corporation may at any time surrender to the Trustee for cancellation by it any Bonds previously authenticated and delivered, together with all unpaid coupons thereto belonging, which the Corporation may have acquired in any manner whatsoever, and such Bonds and coupons, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 13.02. *Discharge of Liability on Bonds and Coupons.* Upon the deposit with the Trustee, in trust, at or before maturity, of money or Federal Securities in the necessary amount to pay or redeem outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article VIII provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the Corporation in respect of such Bonds and the coupons appertaining thereto shall cease, determine and be completely discharged and the holders thereof shall thereafter be entitled only to payment out of the money or Federal Securities

deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 13.03.

SECTION 13.03. *Payment of Bonds and Coupons after Discharge of Indenture.* Notwithstanding any provisions of this Indenture, any moneys deposited with the Trustee or any Paying Agent in trust for the payment of the principal of, or interest or premium on, any Bonds and remaining unclaimed for six years after the principal of all the outstanding Bonds has become due and payable (whether at maturity or upon call for redemption or by declaration as provided in this Indenture) shall then be repaid to the Corporation upon its Written Request, and the holders of such Bonds and coupons shall thereafter be entitled to look only to the Corporation for payment thereof, and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the Corporation as aforesaid, the Trustee or Paying Agent, as the case may be, may (at the cost of the Corporation) first publish at least once in a Financial Newspaper or Journal, a notice, in such form as may be deemed appropriate by the Trustee or such Paying Agent, in respect of the Bonds or coupons so payable and not presented and in respect of the provisions relating to the repayment to the Corporation of the moneys held for the payment thereof. In the event of the repayment of any such moneys to the Corporation as aforesaid, the holders of the Bonds and coupons in respect of which such moneys were deposited shall thereafter be deemed to be unsecured creditors of the Corporation for amounts equivalent to the respective amounts deposited for the payment of such Bonds and coupons and so repaid to the Corporation (without interest thereon).

## ARTICLE XIV

### MISCELLANEOUS

SECTION 14.01. *Successors of Corporation.* All the covenants, stipulations, promises and agreements in this Indenture contained, by or on behalf of the Corporation, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

SECTION 14.02. *Limitation of Rights to Parties and Bondholders.* Nothing in this Indenture or in the Bonds or coupons expressed

or implied is intended or shall be construed to give to any person other than the Corporation, the Trustee and the holders of the Bonds and coupons issued hereunder, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Corporation, the Trustee and the holders of the Bonds and coupons issued hereunder.

SECTION 14.03. *Waiver of Notice.* Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 14.04. *Destruction of Bonds and Coupons.* Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Corporation of any Bonds or any coupons, the Trustee may, upon the Written Request of the Corporation, in lieu of such cancellation and delivery, destroy such Bonds and coupons and deliver a certificate of such destruction to the Corporation.

SECTION 14.05. *Severability of Invalid Provisions.* In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

SECTION 14.06. *Evidence of Rights of Bondholders.* (a) Any request, consent or other instrument required by this Indenture to be signed and executed by Bondholders may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bondholders in person or by agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing



any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Corporation if made in the manner provided in this Section.

(b) The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof.

(c) The amount of Bonds transferable by delivery held by any person executing any such request, consent or other instrument or writing as a Bondholder, the distinguishing numbers of the Bonds held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, banker or other depository (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depository, or exhibited to it, the Bonds therein described; or such facts may be proved by the certificate or affidavit of the person executing such request, consent or other instrument or writing as a Bondholder, if such certificate or affidavit shall be deemed by the Trustee to be satisfactory. The Trustee and the Corporation may conclusively assume that such ownership continues until written notice to the contrary is served upon the Trustee. The fact and the date of execution of any request, consent or other instrument and the amount and distinguishing numbers of Bonds held by the person so executing such request, consent or other instrument may also be proved in any other manner which the Trustee may deem sufficient. The Trustee may nevertheless, in its discretion, require further proof in cases where it may deem further proof desirable.

The ownership of registered Bonds shall be proved by the register of such Bonds.

Any request, consent or vote of the holder of any Bond shall bind every future holder of the same Bond and the holder of every



Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Corporation in pursuance of such request, consent or vote.

(d) In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Corporation, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Corporation or any other obligor on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided, that, for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this subsection (d) if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

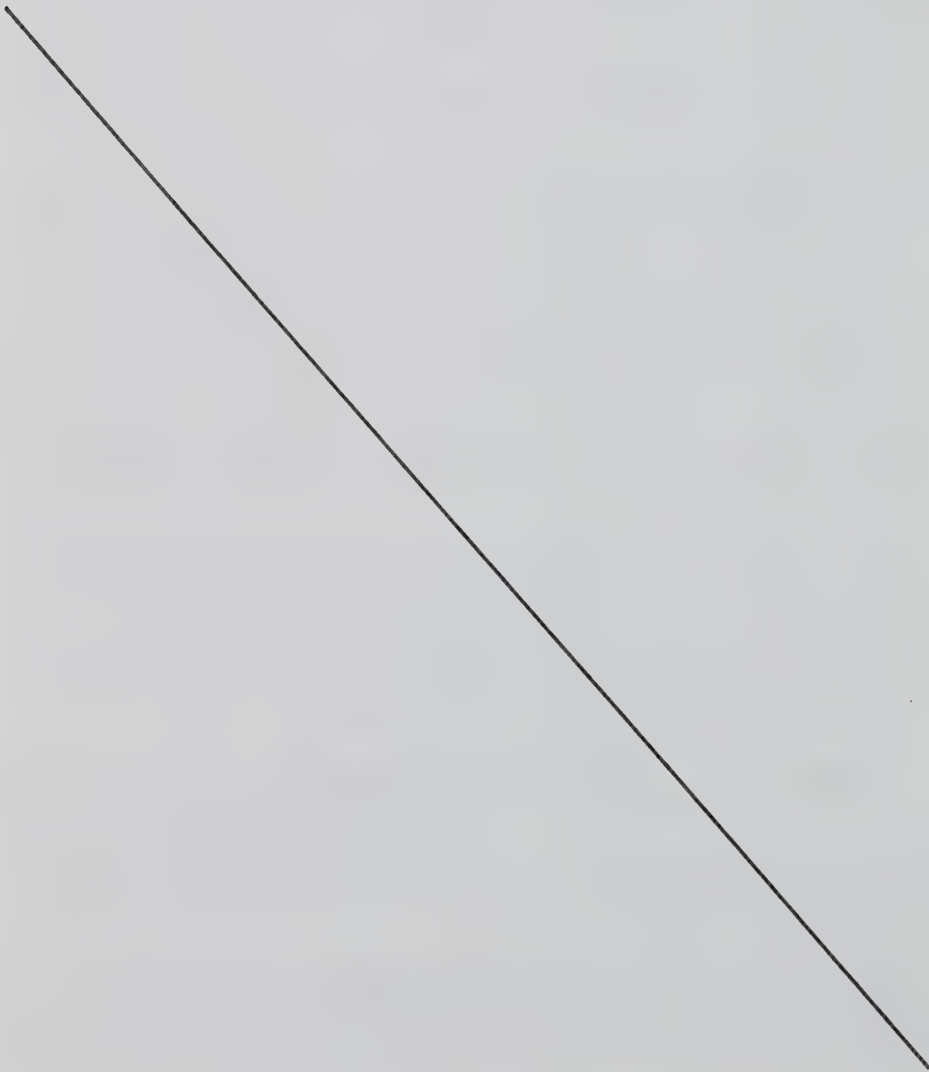
(e) In lieu of obtaining any demand, request, direction, consent or waiver in writing, the Trustee may call and hold a meeting of the Bondholders upon such notice and in accordance with such rules and regulations as the Trustee considers fair and reasonable for the purpose of obtaining any such action.

SECTION 14.07. *Article and Section Headings.* The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles", "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein", "hereof", "hereunder"

and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 14.08. *Execution in Several Counterparts.* This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Corporation and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.



IN WITNESS WHEREOF, San Luis Coastal Unified School District Educational Facilities Corporation has caused this Indenture to be signed in its corporate name by its President and its corporate seal to be hereunto affixed and attested by its Secretary, and Bank of America National Trust and Savings Association, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of its Assistant Vice Presidents and its corporate seal to be hereunto affixed and attested by one of its Trust Officers, all as of the day and year first above written.

SAN LUIS COASTAL UNIFIED SCHOOL  
DISTRICT EDUCATIONAL FACILITIES  
CORPORATION

---

*President*

[Corporate Seal]

Attest:

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*Secretary*

BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION

---

*Assistant Vice President*

[Corporate Seal]

Attest:

---

*Trust Officer*

[EXHIBIT A OMITTED]





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# Site Lease

(Project Phase I)

Dated as of May 1, 1978

---

between

the

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT

and

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT

EDUCATIONAL FACILITIES CORPORATION

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**SITE LEASE**  
**(Project Phase I)**

This Lease, dated as of May 1, 1978, by and between the SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT, a school district organized and existing under and by virtue of the laws of the State of California (herein called the "District"), as lessor, and SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION (herein called the "Corporation"), as lessee;

WITNESSETH :

WHEREAS, the Corporation intends to assist the District by financing and constructing for the District the hereinafter listed public school facilities in the County of San Luis Obispo, California, together with parking, site development, landscaping, utilities, equipment and appurtenant and related facilities (herein called "Project Phase I"):

<u>Public School Facility</u>	<u>Location</u>
Classroom, library, shop, multipurpose gymnasium, and physical education additions to San Luis Obispo High School	1350 California Boulevard, San Luis Obispo, California
Classroom, shop, library, gymnasium and physical education additions to Morro Bay High School	235 Atascadero Road, Morro Bay, California

and

WHEREAS, the Corporation intends to lease Project Phase I to the District by a lease, entitled "Facility Lease (Project Phase I)" and dated as of May 1, 1978 (herein called the "Facility Lease"), and the District proposes to enter into this lease with the Corporation as a material consideration for the Corporation's agreement to construct Project Phase I for and on behalf of the District;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED as follows:

**SECTION 1. *Demised Premises.***

The District hereby leases to the Corporation and the Corporation hereby hires from the District, on the terms and conditions hereinafter set forth, the real property situate in the County of San Luis Obispo, State of California, and described in Exhibit A at-

tached hereto and made a part hereof (herein called the "Demised Premises").

SECTION 2. *Term.*

The term of this lease shall commence on the date of recordation of this lease in the office of the County Recorder of San Luis Obispo County, State of California, or on November 1, 1978, whichever is earlier, and shall end on October 1, 2000, unless such term is extended or sooner terminated as hereinafter provided. If on September 30, 2000 any bonds or other indebtedness of the Corporation incurred to finance construction of Project Phase I shall not be fully paid and retired, or if the rental payable under the Facility Lease shall have been abated at any time and for any reason, then the term of this lease shall be extended until ten (10) days after all bonds and other indebtedness of the Corporation incurred to finance construction of Project Phase I shall be fully paid and retired, except that the term of this lease shall in no event be extended beyond July 1, 2005. If prior to October 1, 2000 all bonds and other indebtedness of the Corporation incurred to finance construction of Project Phase I shall be fully paid and retired, the term of this lease shall end ten (10) days thereafter or ten (10) days after written notice by the District to the Corporation, whichever is earlier.

SECTION 3. *Rental.*

The Corporation shall pay annually to the District as and for rental hereunder the sum of One Dollar (\$1.00), on or before June 30 in each year, commencing on June 30, 1978 and continuing to and including the date of termination of this lease.

SECTION 4. *Purpose.*

The Corporation shall use the Demised Premises solely for the purpose of constructing Project Phase I thereon and leasing the Demised Premises and Project Phase I to be constructed thereon to the District pursuant to the Facility Lease and for such purposes as may be incidental thereto; provided, that in the event of default by the District under the Facility Lease the Corporation may exercise the remedies provided in the Facility Lease.



SECTION 5. *Owner in Fee.*

The District covenants that it is the owner in fee of the Demised Premises, as described in Exhibit A hereto.

SECTION 6. *Assignments and Subleases.*

Unless the District shall be in default under the Facility Lease, the Corporation may not assign its rights under this lease or sublet the Demised Premises, except to secure obligations incurred by the Corporation to obtain funds to finance the construction of Project Phase I, without the written consent of the District.

SECTION 7. *Right of Entry; Easements.*

The District reserves the right for any of its duly authorized representatives to enter upon the Demised Premises at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

The District agrees, upon written request from the Corporation, to grant to the Corporation a nonexclusive easement of ingress and egress for persons, vehicles and utilities, twenty (20) feet wide, from each parcel of the Demised Premises not having access to a public street, and appurtenant to such parcel, over property owned by the District to a public street. The District may, at any time, satisfy its obligation contained in the preceding sentence as to any parcel of the Demised Premises by granting to the Corporation an easement complying with the requirements of the preceding sentence from such parcel of the Demised Premises to a public street.

SECTION 8. *Termination.*

The Corporation agrees, upon the termination of this lease, to quit and surrender the Demised Premises in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Demised Premises at the time of the termination of this lease shall remain thereon and title thereto shall vest in the District.

Upon the exercise of the option to purchase set forth in section 24 of the Facility Lease and upon payment of the option price re-

quired by said section, the term of this lease shall terminate as to the portion of the Demised Premises upon which the part of Project Phase I being so purchased is situated.

SECTION 9. *Mortgage of Leasehold.*

The Corporation is hereby granted the right to mortgage or hypothecate or otherwise encumber this lease or any rights hereunder and the leasehold created hereby, by indenture or deed of trust or otherwise, to secure any indebtedness of the Corporation incurred to finance the construction of Project Phase I. In the event of foreclosure or sale under any mortgage, deed of trust, indenture or other instrument securing such indebtedness, the trustee or any purchaser at any sale under foreclosure or power of sale thereunder shall have and possess all of the rights herein granted to the Corporation.

SECTION 10. *Default.*

In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District, subject to the provisions of section 9 hereof, may exercise any and all remedies granted by law, except that no merger of this lease and of the Facility Lease shall be deemed to occur as a result thereof; *provided, however*, that the District shall have no power to terminate this lease by reason of any default on the part of the Corporation if such termination would affect or impair any assignment or sublease of all or any part of the Demised Premises then in effect between the Corporation and any assignee or subtenant of the Corporation (other than the District under the Facility Lease). So long as any such assignee or subtenant of the Corporation shall duly perform the terms and conditions of this lease and of its then existing sublease (if any), such assignee or subtenant shall be deemed to be and shall become the tenant of the District hereunder and shall be entitled to all of the rights and privileges granted under any such assignment; *provided, further*, that so long as any indebtedness of the Corporation secured by an indenture or deed of trust is outstanding and unpaid in accordance with the terms thereof,

the rentals or any part thereof payable to the trustee under such indenture or deed of trust (by the terms of such assignment or sublease) shall continue to be paid to said trustee.

SECTION 11. *Quiet Enjoyment.*

The Corporation at all times during the term of this lease, subject to the provisions of section 10 hereof, shall peaceably and quietly have, hold and enjoy all of the Demised Premises.

SECTION 12. *Waiver of Personal Liability.*

All liabilities under this lease on the part of the Corporation shall be solely corporate liabilities of the Corporation as a corporation, and the District hereby releases each and every incorporator, member, director and officer of the Corporation of and from any personal or individual liability under this lease. No incorporator, member, director or officer of the Corporation shall at any time or under any circumstances be individually or personally liable under this lease to the District or to any other party whomsoever for anything done or omitted to be done by the Corporation hereunder.

SECTION 13. *Taxes.*

The District covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Demised Premises (including both land and improvements).

SECTION 14. *Eminent Domain.*

In the event the whole or any part of the Demised Premises or the improvements thereon (including Project Phase I) is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid indebtedness incurred by the Corporation to finance construction of Project Phase I, and shall be paid to the trustee under any indenture or deed of trust securing said indebtedness, and the balance of the award, if any, shall be paid to the District. The term "unpaid indebtedness," as used in the preceding sentence, includes the face amount of the indebtedness evidenced by any outstanding bonds of the Corporation issued to finance construction of Project Phase I, together with the interest thereon and all other payments required to be made by or to the trustee under the indenture securing said bonds on account of said indebtedness, until such indebtedness, together with the interest thereon, has been paid in

full in accordance with the terms thereof and irrespective of any foreclosure or sale under any power of sale contained in such indenture.

SECTION 15. *Partial Invalidity.*

If any one or more of the terms, provisions, covenants or conditions of this lease shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this lease shall be affected thereby, and each provision of this lease shall be valid and enforceable to the fullest extent permitted by law.

SECTION 16. *Notices.*

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the District, addressed to the District in care of the Superintendent of Schools, San Luis Coastal Unified School District, 1499 San Luis Drive, San Luis Obispo, California 93401, or, if to the Corporation, addressed to the Corporation in care of San Luis Coastal Unified School District, 1499 San Luis Drive, San Luis Obispo, California 93401, with a copy to the trustee under any indenture securing bonds of the Corporation issued to finance the construction of Project Phase I, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 17. *Section Headings.*

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

SECTION 18. *Execution.*

This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the Dis-



trict and the Corporation, all with the same force and effect as though the same counterpart had been executed by both the District and the Corporation.

IN WITNESS WHEREOF, the District and the Corporation have caused this lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SAN LUIS COASTAL UNIFIED SCHOOL  
DISTRICT,  
Lessor

By  
\_\_\_\_\_  
*President of the Governing Board*

[Seal]

Attest:

\_\_\_\_\_  
*Clerk of the Governing Board*

Approved as to form:

\_\_\_\_\_  
*County Counsel*

SAN LUIS COASTAL UNIFIED SCHOOL  
DISTRICT EDUCATIONAL  
FACILITIES CORPORATION,  
Lessee

By  
\_\_\_\_\_  
*President*

[Seal]

Attest:

\_\_\_\_\_  
*Secretary*

[EXHIBIT A OMITTED]



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# Facility Lease

(Project Phase I)

Dated as of May 1, 1978

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between

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT  
EDUCATIONAL FACILITIES CORPORATION

and the

SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT

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**FACILITY LEASE  
(Project Phase I)**

This Lease, dated as of May 1, 1978, between SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT EDUCATIONAL FACILITIES CORPORATION (herein called the "Corporation"), as sublessor, and the SAN LUIS COASTAL UNIFIED SCHOOL DISTRICT, a school district organized and existing under and by virtue of the laws of the State of California (herein called the "District"), as sublessee;

WITNESSETH:

In consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

SECTION 1. *Definitions.*

Unless the context otherwise requires, the terms defined in this section shall, for all purposes of this lease, have the meanings herein specified, the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined:

The term "Bonds" means any bonds or notes issued by the Corporation to finance Project Phase I and authorized under and secured by the Indenture, including the San Luis Coastal Unified School District Educational Facilities Corporation Bonds, Series of 1978, and any other indebtedness incurred by the Corporation to finance Project Phase I.

The term "Demised Premises" means that certain real property situate in the County of San Luis Obispo, State of California, described in Exhibit A attached hereto and made a part hereof; subject, however, to any conditions, reservations and easements of record or known to the District.

The term "Indenture" means the indenture, dated as of May 1, 1978, between the Corporation and Bank of America National Trust and Savings Association, as trustee, as originally executed or as it may from time to time be supplemented or amended by any supplemental indenture or indentures entered into pursuant to the provisions thereof.

The term "Project Phase I" means the hereinafter listed public school facilities, together with parking, site development, landscaping, utilities, equipment and appurtenant and related facilities, all to be constructed by the Corporation on the Demised Premises pursuant to section 4 hereof. The Project Phase I public school facilities are as follows:

<u>Public School Facility</u>	<u>Location</u>
Classroom, library, shop, multipurpose gymnasium, and physical education additions to San Luis Obispo High School	1350 California Boulevard, San Luis Obispo, California
Classroom, shop, library, gymnasium and physical education additions to Morro Bay High School	235 Atascadero Road, Morro Bay, California

The term "Site Lease" means that lease, entitled "Site Lease (Project Phase I)" and dated as of May 1, 1978, between the San Luis Coastal Unified School District, as lessor, and San Luis Coastal Unified School District Educational Facilities Corporation, as lessee.

The term "Trustee" means the trustee under and as defined by the Indenture.

## SECTION 2. *Term; Commencement of Rental.*

The Corporation hereby leases to the District and the District hereby hires from the Corporation, on the terms and conditions hereinafter set forth, the Demised Premises and Project Phase I to be constructed and located thereon.

The term of this lease shall commence on the date of recordation of this lease in the office of the County Recorder of San Luis Obispo County, State of California, or on November 1, 1978, whichever is earlier, and shall end on September 30, 2000, unless such term is extended or sooner terminated as hereinafter provided. If on September 30, 2000 the Bonds or any other indebtedness of the Corporation incurred to finance the construction of Project Phase I shall not be fully paid and retired, or if the rental payable hereunder shall have been abated at any time and for any reason, then the term of this lease shall be extended until ten (10) days after all Bonds and any other indebtedness of the Corporation incurred to finance the construction of Project Phase I shall be fully paid and retired, except that the term of this lease shall in no event be extended

beyond July 1, 2005. If prior to September 30, 2000 all Bonds and any other indebtedness of the Corporation incurred to finance the construction of Project Phase I shall be fully paid and retired, the term of this lease shall end ten (10) days thereafter or ten (10) days after written notice by the District to the Corporation, whichever is earlier.

It is contemplated that the District will take possession of the Demised Premises and Project Phase I on or before October 1, 1980, and the first payment of rental shall be due on October 15, 1980, as provided in section 3 hereof. If Project Phase I shall be substantially completed before October 1, 1980, the District may take possession of the Demised Premises and Project Phase I upon such substantial completion.

If the Corporation, for any reason whatsoever, cannot deliver possession of the Demised Premises and Project Phase I or any part thereof to the District by October 1, 1980, this lease shall not be void or voidable, nor shall the Corporation be liable to the District for any loss or damage resulting therefrom; but in that event the rent payable hereunder shall be abated proportionately, in the proportion which the construction cost of the part or parts of Project Phase I not yet delivered to the District bears to the construction cost of the entire Project Phase I, with respect to the period between October 1, 1980 and the time when the Corporation delivers possession.

### SECTION 3. *Rental.*

The District agrees to pay to the Corporation, its successors or assigns, as rental for the use and occupancy of the Demised Premises and Project Phase I, the following amounts at the times and in the manner set forth herein (but subject to the provisions of sections 2, 12, 20 and 24 hereof) :

(a) *Base Rental.* The District shall pay to the Corporation as a base rental (herein called the "Base Rental"), semiannually, the amount of ..... Dollars (\$.....) on October 15, 1980 and on each April 15 and October 15 thereafter to and including April 15, 2000, or, if the term of this lease shall have been extended pursuant to section 2 hereof, continuing to and including the date of termi-

nation of this lease. Each semiannual payment of Base Rental shall be for the use of the Demised Premises and Project Phase I for the six-month period commencing on the first day of the month in which such rental is due.

(b) *Additional Rental.* The District shall also pay to the Corporation, as rental hereunder in addition to the foregoing Base Rental, such amounts (herein called the "Additional Rental") in each year as shall be required by the Corporation for the payment of all administrative costs of the Corporation related to Project Phase I and the Bonds, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Corporation under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary administrative costs of the Corporation or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Indenture; provided, such Additional Rental shall not exceed Ten Thousand Dollars (\$10,000) annually.

Such Additional Rental shall be billed to the District by the Corporation or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Corporation or by the Trustee on behalf of the Corporation, for one or more of the items above described, or that such amount is then payable by the Corporation or the Trustee for such items. Following commencement of the rental due hereunder, amounts so billed shall be paid by the District within ten (10) days after receipt of the bill by the District.

Such payments of Base Rental and Additional Rental for each rental payment period during the term of this lease shall constitute the total rental for said rental payment period, and shall be paid by the District in each rental payment period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Demised Premises and Project Phase I during each such period for which said rental is to be paid. The parties hereto have agreed and determined that such total rental represents the fair rental value of the Demised Premises and Project Phase I. In making such determination, consideration has been



given to the amount of Site Lease rental payable to the San Luis Coastal Unified School District, costs of design and construction and financing of Project Phase I, other obligations of the parties under this lease, the uses and purposes which may be served by Project Phase I and the benefits therefrom which will accrue to the District and the general public.

Each installment of rental payable hereunder shall be paid in lawful money of the United States of America to or upon the order of the Corporation at the office of the Corporate Agency Division of the Trustee in Los Angeles, California, or such other place as the Corporation shall designate. Any such installment of rental accruing hereunder which shall not be paid when due shall bear interest at the rate of eight per cent (8%) per annum from the date when the same is due hereunder until the same shall be paid. Notwithstanding any dispute between the Corporation and the District, the District shall make all rental payments when due and shall not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the District was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, shall, at the option of the District, be credited against subsequent rental payments due hereunder or be refunded at the time of such determination.

The District covenants to take such action as may be necessary to include all such rental payments due hereunder in its annual budget, to make the necessary annual appropriations for all such rental payments and to take such action annually as may be necessary to accomplish the levy of such portion of the forty-three cent (43¢) tax rate increase approved by the voters of the District on March 8, 1977 as shall be required to provide funds in such year for such rental payments. The District will furnish to the Corporation and the Trustee copies of each proposed and final budget of the District within ten (10) days after the filing or adoption thereof. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Facility Lease agreed to be carried out and performed by the District.

#### SECTION 4. *Construction of Project Phase I.*

The Corporation has obtained open competitive bids for the construction of Project Phase I, and, concurrently with the execution, delivery and recordation of this lease, will enter into construction contracts providing for the construction of Project Phase I with the construction contractors specified in Exhibit B hereto (herein called the "Contractors"), the lowest responsible construction bidders therefor, and will supervise and provide for the complete construction of Project Phase I. The Corporation agrees that Project Phase I will be constructed in accordance with the plans and specifications prepared by the architects specified in Exhibit B hereto (herein called the "Architects") and heretofore approved by the District. The Corporation further agrees that within twenty-four (24) hours of the execution and delivery of this lease it will give notice to the Contractors to commence work under the construction contracts, and that Project Phase I will be substantially completed in accordance with said plans and specifications within the times set forth in the construction contracts. The District agrees that upon substantial completion of each part of Project Phase I it will take possession of and occupy such part of Project Phase I under the terms and provisions of this lease. Such substantial completion shall be evidenced either by a certificate of the Architects or by the occupancy by the District of such part of Project Phase I. The time within which the Corporation is required to complete any part of Project Phase I shall be extended for a period equal to any extensions of time to which the Contractor thereof is entitled under his construction contract (except extensions resulting from acts of the Corporation) and any delays in construction resulting from other causes and events not within the reasonable control of the Contractor or of the Corporation.

The District agrees to allow the Corporation access to existing facilities of the District and appurtenant property for the purpose of constructing Project Phase I upon the terms and conditions set forth in the specifications prepared by the Architects.

The Director of the Department of Industrial Relations of the State of California has ascertained the general prevailing rate of per diem wages in the locality in which each part of Project Phase I is

to be constructed for each craft, classification or type of workman needed for the construction of such part of Project Phase I and the construction contracts provide for the payment of the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality for each craft, classification or type of workman needed for the construction of such part of Project Phase I. Such rates are set forth in the construction contract documents and are hereby incorporated by reference and the Corporation agrees to require the Contractors to pay such rates.

The District may request the Corporation to issue change orders altering the construction contract plans and specifications during the course of construction, if such changes do not materially reduce or diminish the capacity, adaptability or usefulness of Project Phase I, and the Corporation agrees to cooperate fully with the District to cause such change orders to be implemented. Before the Corporation shall issue any such change orders which, together with all other change orders, would increase the aggregate cost of construction of Project Phase I, the District shall arrange with the Corporation to pay the increased cost resulting from such change orders, and, if required by the Corporation or by the terms of the Indenture, shall deposit funds sufficient to pay such increased cost with the Trustee.

#### SECTION 5. *Maintenance, Utilities, Taxes and Assessments.*

Throughout the term of this lease, as part of the consideration for the rental of Project Phase I, all maintenance and repair of the Demised Premises and Project Phase I shall be the responsibility of the District, and the District shall pay for or otherwise arrange for the payment of all utility services supplied to the Demised Premises and Project Phase I, which shall include without limitation janitor service, power, gas, telephone, light, heating, water, security service, garbage and refuse removal and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of Project Phase I resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the rentals herein provided, the Corporation agrees to provide only the Demised Premises and Project Phase I. The District waives the benefits of subsections 1 and 2 of section 1932 of the California



Civil Code, but such waiver shall not limit any of the rights of the District under the terms of this lease.

The District shall also pay to the Corporation such amounts in each year as shall be required by the Corporation for the payment of all taxes and assessments of any type or nature charged to the Corporation or the Trustee affecting the Demised Premises or Project Phase I or the respective interests or estates of the District or the Corporation or the Trustee therein, or affecting the amount available to the Corporation from rentals received hereunder for the retirement of the Bonds (including taxes or assessments assessed or levied by any governmental agency or district having power to levy taxes or assessments).

**SECTION 6. *Changes to Project Phase I.***

The District shall have the right during the term of this lease to make alterations or improvements or attach fixtures, structures or signs to the Demised Premises or Project Phase I if said alterations, improvements, fixtures, structures and signs are necessary or beneficial for the use of the Demised Premises or Project Phase I by the District.

Upon termination of this lease, the District may remove any fixture, structure or sign added by the District, but such removal shall be accomplished so as to leave Project Phase I, except for ordinary wear and tear, in substantially the same condition as it was in before the fixture, structure or sign was attached.

**SECTION 7. *Fire, Extended Coverage and Earthquake Insurance.***

The District shall procure or cause to be procured and maintain or cause to be maintained throughout the term of this lease (but during the period of construction of Project Phase I only if such insurance is not provided by the Corporation or the contractors under the construction contracts referred to in section 4 hereof) insurance against loss or damage to any structures constituting any part of Project Phase I by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance, sprinkler system leakage insurance and boiler explosion insurance, and, following completion of construction, earthquake insurance (but as to such



earthquake insurance only if such insurance is available at reasonable cost on the open market from reputable insurance companies). Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of Project Phase I, excluding the cost of excavations, of grading and filling, and of the land (except that such earthquake insurance may be subject to a deductible clause of not to exceed ten per cent of said replacement cost for any one loss and except that such other insurance may be subject to deductible clauses for any one loss of not to exceed the lesser of \$100,000 or the amount in the Reserve Fund established under the Indenture which is in excess of one-fourth ( $\frac{1}{4}$ ) of Maximum Annual Debt Service (as such term is defined in the Indenture) and is available for the purpose pursuant to the terms of the Indenture), or, in the alternative, shall be in an amount and in a form sufficient (together with moneys in the Reserve Fund created under the Indenture and available for the purpose pursuant to the terms of the Indenture), in the event of total or partial loss, to enable the Corporation either to retire all Bonds then outstanding or to restore such structures to the condition existing before such loss.

#### SECTION 8. *Liability Insurance.*

Except as hereinafter provided, the District shall procure or cause to be procured and maintain or cause to be maintained, throughout the term of this lease (but during the period of construction of Project Phase I only if such insurance is not provided by the Corporation or the contractors under the construction contracts referred to in section 4 hereof), a standard comprehensive general liability (including automobile liability) insurance policy or policies in protection of the Corporation and its members, directors, officers, agents and employees and the Trustee, indemnifying said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of Project Phase I, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000

for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$200,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the District.

As an alternative to providing the insurance required by the first paragraph of this section, the District, with the written consent of the Corporation, may provide other kinds of insurance or methods or plans of protection if and to the extent such other kinds of insurance or methods or plans of protection satisfy the requirements of section 5.03(b)(2) of the Indenture.

SECTION 9. *Rental Interruption or Use and Occupancy Insurance.*

The District shall procure or cause to be procured and maintain or cause to be maintained throughout the term of this lease (but during the period of construction of Project Phase I only if such insurance is not provided by the Corporation or the contractors under the construction contracts referred to in section 4 hereof) rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of each structure constituting any part of Project Phase I as the result of any of the hazards covered by the insurance required by section 7 hereof, in an amount sufficient to pay the part of the total rent hereunder attributable to said structure (determined by reference to the proportion which the construction cost of such structure bears to the construction cost of all structures) for a period of at least the time originally allowed for construction of such structure plus three (3) months, except that such insurance may be subject to a deductible clause of not to exceed the lesser of the aggregate total rental payable during the first thirty (30) days of any loss or the amount in the Reserve Fund established under the Indenture which is in excess of one-fourth ( $\frac{1}{4}$ ) of Maximum Annual Debt Service (as such term is defined in the Indenture) and available for the purpose

pursuant to the terms of the Indenture and except that such insurance need be maintained as to the peril of earthquake only following completion of construction of each structure and only if such insurance is available at reasonable cost on the open market from reputable insurance companies.

SECTION 10. *Insurance Proceeds; Form of Policies.*

All policies of insurance required by sections 7 and 9 hereof shall provide that all proceeds thereunder shall be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee shall collect, adjust and receive all moneys which may become due and payable under any such policies, may compromise any and all claims thereunder and shall apply the proceeds of such insurance as provided in the Indenture. All policies of insurance required by this lease shall be in form satisfactory to the Trustee and shall provide that the Trustee shall be given thirty (30) days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee shall not be responsible for the sufficiency of any insurance herein required and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The District shall pay when due the premiums for all insurance policies required by this lease, and shall promptly furnish evidence of such payments to the Corporation and the Trustee.

SECTION 11. *Default.*

(a) If the District shall fail to pay any rental payable hereunder when the same becomes due and payable, time being expressly declared to be of the essence of this lease, or the District shall fail to keep, observe or perform any other term, covenant or condition contained herein to be kept or performed by the District, or upon the happening of any of the events specified in subsection (b) of this section, the District shall be deemed to be in default hereunder and it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this

lease. Upon any such default, the Corporation, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate this lease in the manner hereinafter provided on account of default by the District, notwithstanding any re-entry or re-letting of Project Phase I as hereinafter provided for in subparagraph (2) hereof, and to re-enter Project Phase I and remove all persons in possession thereof and all personal property whatsoever situated upon Project Phase I and place such personal property in storage in any warehouse or other suitable place in the County of San Luis Obispo, State of California. In the event of such termination, the District agrees to surrender immediately possession of Project Phase I, without let or hindrance, and to pay the Corporation all damages recoverable at law that the Corporation may incur by reason of default by the District, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon Project Phase I and removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. Neither notice to pay rent or to deliver up possession of Project Phase I given pursuant to law nor any entry or re-entry by the Corporation nor any proceeding in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of Project Phase I nor the appointment of a receiver upon initiative of the Corporation to protect the Corporation's interest under this lease shall of itself operate to terminate this lease, and no termination of this lease on account of default by the District shall be or become effective by operation of law or acts of the parties hereto, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this lease. The District covenants and agrees that no surrender of Project Phase I or of the remainder of the term hereof or any termination of this lease shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.



(2) Without terminating this lease, (i) to collect each installment of rent as it becomes due and enforce any other term or provision hereof to be kept or performed by the District or (ii) to exercise any and all rights of entry and re-entry upon Project Phase I. In the event the Corporation does not elect to terminate this lease in the manner provided for in subparagraph (1) hereof, the District shall remain liable and agrees to keep or perform all covenants and conditions herein contained to be kept or performed by the District and, if Project Phase I is not re-let, to pay the full amount of the rent to the end of the term of this lease or, in the event that Project Phase I is re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as hereinabove provided for the payment of rent hereunder (without acceleration), notwithstanding the fact that the Corporation may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental herein specified, and notwithstanding any entry or re-entry by the Corporation or suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of Project Phase I. Should the Corporation elect to re-enter as herein provided, the District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to re-let Project Phase I, or any part thereof, from time to time, either in the Corporation's name or otherwise, upon such terms and conditions and for such use and period as the Corporation may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon Project Phase I and to place such personal property in storage in any warehouse or other suitable place in the County of San Luis Obispo, State of California, for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of Project Phase I and removal and storage of such property by the Corporation or its duly authorized agents

in accordance with the provisions herein contained. The District agrees that the terms of this lease constitute full and sufficient notice of the right of the Corporation to re-let Project Phase I in the event of such re-entry without effecting a surrender of this lease, and further agrees that no acts of the Corporation in effecting such re-letting shall constitute a surrender or termination of this lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this lease shall vest in the Corporation to be effected in the sole and exclusive manner provided for in subparagraph (1) hereof. The District further waives the right to any rental obtained by the Corporation in excess of the rental herein specified and hereby conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-letting Project Phase I or any part thereof. The District further agrees to pay the Corporation the cost of any alterations or additions to Project Phase I or any part thereof necessary to place Project Phase I or any part thereof in condition for re-letting immediately upon notice to the District of the completion and installation of such additions or alterations.

The District hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of Project Phase I as herein provided and all claims for damages that may result from the destruction of or injury to Project Phase I and all claims for damages to or loss of any property belonging to the District, or any other person, that may be in or upon Project Phase I.

Each and all of the remedies given to the Corporation hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Corporation to any or all other remedies. The term "re-let" or "re-letting" as used in this section shall include, but not be limited to, re-letting by means of the operation by the Corporation of Project Phase I. If any statute or rule of the law validly shall limit the remedies given to the Corporation hereunder, the Corpo-

ration nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Corporation shall prevail in any action brought to enforce any of the terms and provisions of this lease, the District agrees to pay a reasonable amount as and for attorney's fees incurred by the Corporation in attempting to enforce any of the remedies available to the Corporation hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

(b) If (1) the District's interest in this lease or any part thereof be assigned or transferred without the written consent of the Corporation, either voluntarily or by operation of law or otherwise, or if (2) the District or any assignee shall file any petition or institute any proceeding under the Bankruptcy Act, either as such Act now exists or under any amendment thereof which may hereafter be enacted, or under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent or as a debtor or in any similar capacity, wherein or whereby the District asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the District's debts or obligations, or offers to the District's creditors to effect a composition or extension of time to pay the District's debts or asks, seeks or prays for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or for any other similar relief, or if any such petition or if any such proceedings of the same or similar kind or character be filed or be instituted or taken against the District, or if a receiver of the business or of the property or assets of the District shall be appointed by any court, except a receiver appointed at the instance or request of the Corporation, or if the District shall make a general or any assignment for the benefit of the District's creditors, or if (3) the District shall abandon or vacate any part of Project Phase I (except pursuant to section 24 hereof), then the District shall be deemed to be in default hereunder.

(c) The Corporation shall in no event be in default in the performance of any of its obligations hereunder or imposed by any

statute or rule of law unless and until the Corporation shall have failed to perform such obligations within thirty (30) days or such additional time as is reasonably required to correct any such default after notice by the District to the Corporation properly specifying wherein the Corporation has failed to perform any such obligation.

SECTION 12. *Eminent Domain.*

(a) If the whole of the Demised Premises and Project Phase I shall be taken permanently under the power of eminent domain, the term of this lease shall cease as of the day possession shall be so taken. If less than the whole of the Demised Premises and Project Phase I shall be taken permanently, or if the whole of the Demised Premises and Project Phase I shall be taken temporarily, under the power of eminent domain, (1) this lease shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of rent to be agreed upon by the District and the Corporation, but in no event shall the rental be less than the amount required for the retirement of the Bonds and the payment of the interest thereon as such Bonds and interest become due.

(b) So long as any of the Bonds shall be outstanding, any award made in eminent domain proceedings for taking or damaging the Demised Premises and Project Phase I in whole or in part shall be paid to the Trustee and applied as provided in the Indenture. Any such award made after all of the Bonds have been fully paid and retired shall be paid to the Corporation and the District as their respective interests may appear.

SECTION 13. *Surrender of Premises.*

Upon the termination or expiration of this lease (other than as provided in section 11 hereof), the District shall surrender to the Corporation the Demised Premises, together with Project Phase I and any other improvements thereon (except as provided in section 24 hereof), in good order and condition and in a state of repair that is consistent with prudent use and conscientious maintenance, except for reasonable wear and tear, for disposition by the Corporation pursuant to section 8 of the Site Lease.



SECTION 14. *Right of Entry.*

The Corporation and its assignees shall have the right to enter the Demised Premises and Project Phase I during reasonable business hours (and in emergencies at all times) (a) to inspect the same, (b) for any purpose connected with the District's rights or obligations under this lease, and (c) for all other lawful purposes.

SECTION 15. *Liens.*

In the event the District shall at any time during the term of this lease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Demised Premises or Project Phase I, the District shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the District in, upon or about the Demised Premises or Project Phase I and which may be secured by any mechanic's, materialman's or other lien against the Demised Premises or Project Phase I or the Corporation's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the District desires to contest any such lien, it may do so. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the District shall forthwith pay and discharge said judgment.

SECTION 16. *Quiet Enjoyment.*

The parties hereto mutually covenant that the District, by keeping and performing the covenants and agreements herein contained, shall at all times during the term of this lease, peaceably and quietly, have, hold and enjoy the Demised Premises and Project Phase I, without suit, trouble or hindrance from the Corporation.

SECTION 17. *Corporation Not Liable.*

The Corporation and its members, directors, officers, agents and employees and the Trustee shall not be liable to the District or to any other party whomsoever for any death, injury or damage that

may result to any person or property by or from any cause whatsoever in, on or about the Demised Premises or Project Phase I. The District shall, to the extent permitted by law, indemnify and hold the Corporation and its members, directors, officers, agents and employees and the Trustee harmless from, and defend each of them against, any and all claims, liens and judgments for death of or injury to any person or damage to property whatsoever occurring in, on or about the Demised Premises or Project Phase I.

SECTION 18. *Assignment.*

Neither this lease nor any interest of the District hereunder shall be mortgaged, pledged, assigned, sublet or transferred by the District by voluntary act or by operation of law or otherwise, except with the prior written consent of the Corporation, which shall not be unreasonably withheld.

SECTION 19. *Title to Property.*

Title to Project Phase I and all structural additions thereto shall remain in the Corporation during the term of this lease. Title to all fixtures added to Project Phase I pursuant to section 6 of this lease and to all personal property placed in or about Project Phase I by the District shall remain in the District.

SECTION 20. *Abatement of Rental.*

The rental shall be abated proportionately, during any period in which by reason of any damage or destruction (other than by condemnation which is hereinbefore provided for) there is substantial interference with the use and occupancy of the Demised Premises and Project Phase I by the District, in the proportion which the initial cost of that portion of the Demised Premises and Project Phase I rendered unusable bears to the initial cost of the whole of the Demised Premises and Project Phase I. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, this lease shall continue in full force and effect and the District waives any right to terminate this lease by virtue of any such damage or destruction.

SECTION 21. *Law Governing.*

This lease shall be governed exclusively by the provisions hereof and by the laws of the State of California as the same from time to time exist.

SECTION 22. *Notices.*

All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and, if to the Corporation, addressed to the Corporation in care of the San Luis Coastal Unified School District, 1499 San Luis Drive, San Luis Obispo, California 93401, or, if to the District, addressed to the District in care of the Superintendent of Schools, San Luis Coastal Unified School District, 1499 San Luis Drive, San Luis Obispo, California 93401, with a copy to the Trustee, or to such other addresses as the respective parties may from time to time designate by notice in writing.

SECTION 23. *Validity and Severability.*

If for any reason this lease shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by the Corporation or by the District, or if for any reason it is held by such a court that any of the covenants and conditions of the District hereunder, including the covenant to pay rentals hereunder, is unenforceable for the full term hereof, then and in such event this lease is and shall be deemed to be a lease from year to year under which the rentals are to be paid by the District semiannually in consideration of the right of the District to possess, occupy and use the Demised Premises and Project Phase I, and all of the rental and other terms, provisions and conditions of this lease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

SECTION 24. *Purpose of Lease; Option to Purchase; Personal Property.*

The District covenants that during the term of this lease, except as hereinafter provided, (a) it will use, or cause the use of, the Demised Premises and Project Phase I solely for public and educational purposes and for the purposes for which the Project Phase I facilities are customarily used, and (b) it will not vacate or abandon Project Phase I or any part thereof.

The District shall have the option to purchase the Corporation's interest in any part of Project Phase I upon payment of an option price equal to the aggregate amount for the entire remaining term of this lease of the part of the total rent hereunder attributable to such part of Project Phase I (determined by reference to the proportion which the construction cost of such part of Project Phase I bears to the construction cost of all of Project Phase I). Any such payment shall be made to the Trustee and shall be treated as Revenues (as such term is defined in the Indenture), and shall be applied by the Trustee to redeem Bonds on the earliest date when the Bonds are subject to redemption pursuant to the provisions of the Indenture. Upon the making of such payment to the Trustee, (a) each semiannual installment of rent thereafter payable under this lease shall be reduced by the amount thereof attributable to such part of Project Phase I and theretofore paid pursuant to this section, (b) sections 20 and 24 of this lease shall not thereafter be applicable to such part of Project Phase I, (c) the insurance required by sections 7 and 9 of this lease need not be maintained as to such part of Project Phase I, and (d) title to such part of Project Phase I shall vest in the District and the term of this lease shall end as to the portion of the Demised Premises upon which such part of Project Phase I is located and to such part of Project Phase I.

The District, in its discretion, may request the Corporation to sell or exchange any personal property which may at any time constitute a part of Project Phase I, and to release said personal property from this lease, if (a) in the opinion of the District the property so sold or exchanged is no longer required or useful in connection with the operation of Project Phase I, (b) the consideration to be received from the property is of a value substantially



equal to the value of the property to be released, and (c) if the value of any such property shall, in the opinion of the Corporation, exceed the amount of \$50,000, the Corporation shall have been furnished a certificate of an independent engineer or other qualified independent professional consultant (satisfactory to the Corporation) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of Project Phase I. In the event of any such sale, the full amount of the money consideration received for the personal property so sold and released shall be paid to the Corporation or, if the Indenture so requires, to the Trustee. Any money so paid to the Corporation or the Trustee may, so long as the District is not in default under any of the provisions of this lease, be used upon the written request of the District to purchase personal property, which property shall become a part of Project Phase I leased hereunder. To the extent required by the Indenture, the Trustee may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to this lease or before releasing for the purchase of new personal property money received by it for personal property so sold. The Corporation may make any such sale or exchange as it may deem proper, subject to the terms of the Indenture.

SECTION 25. *Waiver.*

Failure of the Corporation to take advantage of any default on the part of the District shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this lease be construed to waive or to lessen the right of the Corporation to insist upon performance by the District of any term, covenant or condition hereof, or to exercise any rights given the Corporation on account of such default. A waiver of a particular default shall not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent hereunder shall not be, or be construed to be, a waiver of any term, covenant or condition of this lease.

SECTION 26. *Net Lease.*

This lease shall be deemed and construed to be a "net lease" and the District hereby agrees that the rentals provided for herein

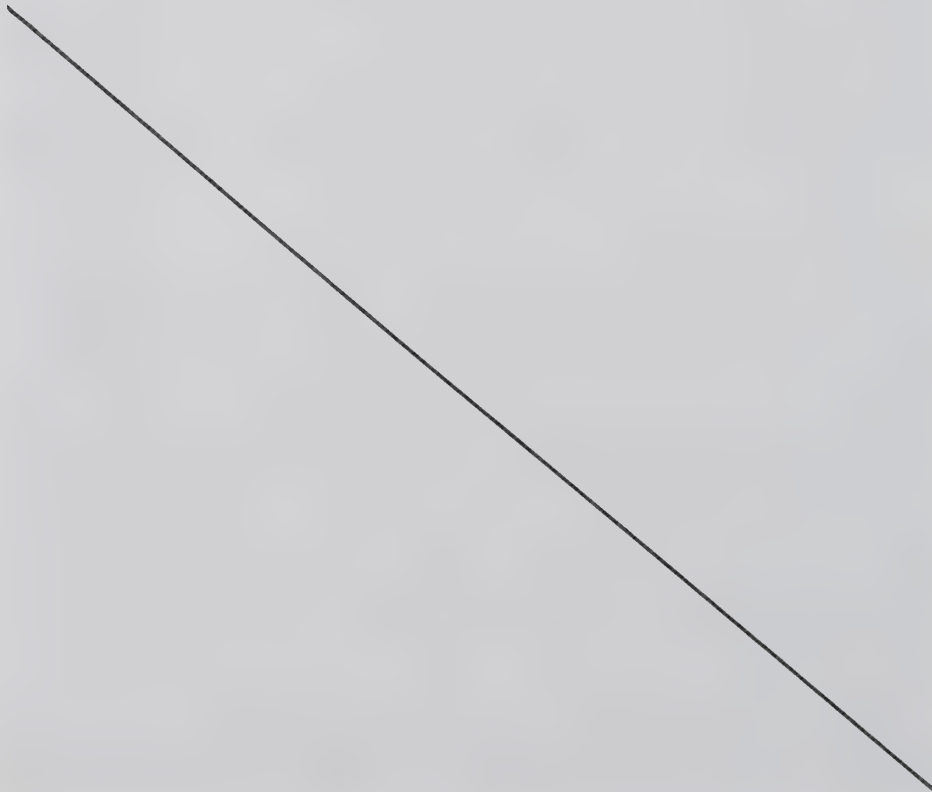
shall be an absolute net return to the Corporation, free and clear of any expenses, charges or setoffs whatsoever.

SECTION 27. *Headings.*

All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this lease.

SECTION 28. *Execution.*

This lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same lease. It is also agreed that separate counterparts of this lease may separately be executed by the Corporation and the District, all with the same force and effect as though the same counterpart had been executed by both the Corporation and the District.



IN WITNESS WHEREOF, the Corporation and the District have caused this lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

SAN LUIS COASTAL UNIFIED  
SCHOOL DISTRICT EDUCATIONAL  
FACILITIES CORPORATION,  
Sublessor

By

\_\_\_\_\_  
*President*

[Seal]

Attest:

\_\_\_\_\_  
*Secretary*

SAN LUIS COASTAL UNIFIED  
SCHOOL DISTRICT,  
Sublessee

By

\_\_\_\_\_  
*President of the  
Governing Board*

[Seal]

Attest:

\_\_\_\_\_  
*Clerk of the Governing Board*

Approved as to form:

\_\_\_\_\_  
*County Counsel*

[EXHIBITS A AND B OMITTED]





# STONE & YOUNGBERG

MUNICIPAL FINANCING CONSULTANTS, INC.

SUITE 2750 • ONE CALIFORNIA STREET  
SAN FRANCISCO, CALIFORNIA 94111 • (415) 989-2300

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1541 WILSHIRE BOULEVARD, LOS ANGELES, CALIFORNIA 90017 • (213) 483-1643

COPIES OF THE ENCLOSED OFFICIAL STATEMENT HAVE BEEN SENT TO  
INVESTMENT OFFICERS OF THE FOLLOWING INSTITUTIONS:

Acacia Mutual Life Insurance Company	Emmco Insurance Company
Aetna Life Insurance Company	Empire Mutual Insurance Company
Allendale Mutual Insurance Company	Employers Casualty Company
Allstate Insurance Company	Employers Group Associates
American Agricultural Mutual Insurance	Employers Mutual Liability Insurance Company of Wisconsin
American Employees Insurance Company	Employees Reinsurance Corporation
American Express Company	Equitable Life Assurance Society
American Family Insurance Group	Equitable Life Insurance Company of Iowa
American General Life Insurance Company	Farm Bureau Mutual Insurance Company
American Mutual Life Insurance Company	Farmers Insurance Group
American National Insurance Company	Farmers New World Life Insurance Company
American Re-Insurance Company	Fidelity & Deposit Insurance Company
American Republic Insurance Company	Fidelity Mutual Life Insurance Company
American States Insurance Company	Fidelity-Phoenix Insurance Company
Arkwright-Boston Manufacturers Mutual Insurance Company	First Catholic Slovak Union of the United States of America
Atlantic Mutual Insurance Company	Foremost Insurance Company
Automobile Club of Southern California	Franklin Life Insurance Company
Bankers Life & Casualty Company	General Accident Fire & Life Assurance Corporation, Ltd.
Bankers Life Company	General American Life Insurance Company
Bankers Life Insurance Company of Nebraska	General Insurance Company of America
Bankers National Life Insurance Company	General Reinsurance Corporation
Beneficial Life Insurance Company	Georgia International Life Insurance Company
Beneficial Standard Life Insurance Company	Government Employees Insurance Company
Boston Mutual Life Insurance Company	Great American Insurance Company
Business Men's Assurance Company of America	Great-West Life Assurance Company
Cal-Farm Insurance Company	Greater New York Mutual Insurance Company
California State Automobile Association	Guardian Life Insurance Company of America
California-Western States Life Insurance Company	Gulf Life Insurance Company
Cambridge Mutual Fire Insurance Company	John Hancock Mutual Life Insurance Company
Canada Life Assurance Company	The Hanover Group
Central Life Assurance Company	Hanover Insurance Company
Central National Insurance Company of Omaha	Hardward Mutual Casualty Company
Chicago Title & Trust Company	Hartford Accident & Indemnity Company
Chubb & Son, Inc.	Hartford Steam Boiler Inspection & Insurance Company
CNA Insurance Corporation	Highlands Insurance Company
Coastal State Life Insurance Company	Home Insurance Company
Colonial Penn Group	Homesteaders Life Company
Columbus Mutual Life Insurance Company	Imperial Life Assurance Company of Canada
Combined Insurance Company of America	Indiana Insurance Company
Connecticut General Life Insurance Company	Insurance Company of North America
Connecticut Mutual Life Insurance Company	Interstate Life & Accident Insurance Company
Continental Casualty Company	Jefferson Standard Life Insurance Company
Continental Insurance Company	Kansas City Life Insurance Company
Country Life Insurance Company	Kemper Insurance Group
Detroit Automobile Inter-Insurance Exchange	Keystone Insurance Company
Dodge & Cox	

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Liberty Mutual Insurance Company  
Life Insurance Company of Georgia  
Life Insurance Company of Virginia  
Lincoln National Life Insurance Company  
Loomis, Sayles & Co., Inc.  
Lutheran Mutual Life Insurance Company  
  
Manhattan Life Insurance Company  
Metropolitan Life Insurance Company  
MFA Mutual Insurance Company  
MGIC Indemnity Corporation  
Minnesota Mutual Life Insurance Company  
Monarch Life Insurance Company  
Monumental Life Insurance Company  
Mortgage Guaranty Insurance Corporation  
Motors Insurance Corporation  
Mutual Benefit Life Insurance Company  
Mutual Life Insurance Company of New York  
Mutual of Omaha Insurance Company  
Mutual Service Casualty Insurance Company  
Mutual Trust Life Insurance Company  
  
National Automobile & Casualty Insurance Company  
National Farmers Union Life Insurance Company  
National Life & Accident Insurance Company  
National Life Insurance Company  
National Old Line Insurance Company  
Nationwide Life Insurance Company  
New England Mutual Life Insurance Company  
New York Life Insurance Company  
NN Corporation  
North American Life Assurance Company  
North Carolina Mutual Life Insurance Company  
The Northern Assurance Company of America  
Northwestern Mutual Insurance Company  
Northwestern Mutual Life Insurance Company  
Northwestern National Insurance Company  
Northwestern National Life Insurance Company  
Nuveen Bond Fund  
  
Occidental Life Insurance Company of California  
Ohio Life Insurance Company  
Ohio State Life Insurance Company  
Old American Insurance Company  
  
Pacific Mutual Life Insurance Company  
Pan American Life Insurance Company  
Peninsular Life Insurance Company  
Penn Mutual Life Insurance Company  
Pennsylvania National Mutual Insurance Company  
Peoples Life Insurance Company  
Philadelphia Investment Company  
Philadelphia Life Insurance Company  
Philadelphia Re-Insurance Company  
Phoenix Mutual Life Insurance Company  
Pilot Life Insurance Company  
Polish National Alliance of the U.S. of N.A.  
Preferred Risk Mutual Insurance Company  
Protective Life Insurance Company  
Provident Life & Accident Insurance Company  
Provident Mutual Life Insurance Company of Philadelphia  
Prudential Insurance Company of America

Reinsurance Corporation of New York  
Reliance Insurance Company  
Republic Insurance Company  
Reserve Insurance Company  
Reserve Life Insurance Company  
Rural Security Life Insurance Company  
  
Safeco Insurance Company of America  
St. Paul Fire & Marine Insurance Company  
Scudder, Stevens & Clark - New York  
Scudder, Stevens & Clark - Boston  
Security Benefit Life Insurance Company  
Security Life & Accident Company  
Security Mutual Casualty Company  
Sentry Group  
Society for Savings  
Southern Farm Bureau Casualty Insurance Company  
Southern Life & Health Insurance Company  
Southland Life Insurance Company  
Southwestern Life Insurance Company  
Standard Insurance Company  
State Automobile Mutual Insurance Company  
State Farm Mutual Automobile Insurance Company  
State Mutual Life Assurance Company of America  
Stuyvesant Life Insurance Company  
Sun Life Assurance Company of Canada  
Swett & Crawford  
Swiss Re-Insurance Company  
  
Tennessee Life Insurance Company  
Title Insurance & Trust Company  
Transamerica Insurance Company  
Transamerica Investment Counselors, Inc.  
Transamerica Title Insurance Company  
Transport Insurance Company  
Travelers Insurance Company  
  
Unigard Olympic Life Insurance Company  
Union Life Insurance Company  
United Benefit Life Insurance Company  
United Insurance Company of America  
United National Life Insurance Society  
United States Fidelity & Guaranty Company  
Utah Home Fire Insurance Company  
  
Volunteer State Life Insurance Company  
  
Washington National Insurance Company  
West Coast Life Insurance Company  
Western Fire Insurance Company  
Western & Southern Life Insurance Company  
Woodmen Accident & Life Company  
Woodmen of the World  
Woodmen of the World Life Insurance Society







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